Customer Retention and Business Performance: A study of Fast Food Restaurant in Abeokuta Metropolis

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ABSTRACT

This study examines the relationship between customer retention and business performance in the Nigeria fast food restaurant. The population of the study consist of all various customers, both sexes between the ages of 18 and 50 years' old who visited three fast food restaurant selected for this study. Purposive sampling technique was used in selecting three restaurants in Abeokuta metropolis. A structured questionnaire was used to collect information from the customers selected to participate in the study. Findings indicate that Trustworthiness was positive and significantly related to restaurant performance. The coefficient was 0.591 which indicated that an increase in trustworthiness would result in about 59 per cent increase in restaurant performance. Product quality was positive and significantly related to restaurant performance. The coefficient was 0.823 which indicated that an increase in product quality would result in about 82 per cent increase in restaurant performance. Exposure to competitors was negative and significantly related to restaurant performance. The coefficient was -0.617 which indicated that an increase in exposure to competitor's products would result in about 62 per cent decrease in restaurant performance. Switching cost was positive and significantly related to restaurant performance. The coefficient was 0.914 which indicated that an increase in switching cost would result in about 91 per cent increase in restaurant performance. Switching cost was positive and significantly related to restaurant performance. The coefficient was 0.914 which indicated that an increase in switching cost would result in about 91 per cent increase in restaurant performance. It is hereby recommended that restaurants in Abeokuta metropolis should improve on their product quality in order to retain customers as well as improve their level of performance

Keywords: Customer Retention, Business Performance, Relationship Marketing, Lifetime Value, Loyalty.

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1. INTRODUCTION

The Nigerian food industry is one of the best-performing industries in country despite the economy downturn and huge decline in consumer spending power over the years. The industry has grown so well and consumers are still making the switch from unpackaged and unbranded products to packaged products as they become more aware.

It was revealed that the Nigerian food industry is estimated to worth over a trillion Naira, with the Fast Food segment gulping over N250 billion, and this number is still expected to rise in the future (AFFCON, 2016). Today's competitive business environment maximises customer retention in order to sustain the company's protection against stiff competition. Customer retention is needed to achieve this goal. Ramakrishnan (2006) defines customer retention as the marketing goal of preventing customers from going to the competitor. It is the way through which organisations focus their efforts on existing customers in an effort to continue doing business with them (Mostert, Meyer and Rensburg, 2009). Customer retention is a key factor in determining the success of businesses today. Fluss (2010) notes that competitors are always on the lookout to steal customers through better deals.

Customer retention holds both economic and non-economic benefits for the organisation. Economic benefits include the possibility to forecast customers' future purchases; sales, marketing and the acquisition costs of customers; satisfied customer willingness to pay premium prices and often make referrals to others; and the increase in 'per customer' income as customers are likely to increase their spending with the organisation as the relationship grows (Kassim and Souiden 2007). Non-economic benefits include the willingness of customers to work with the organisation to improve product and service offerings as well as the formation of relationships with other partners, such as employees and suppliers (Ahmad and Buttle 2001).

Customer retention has a direct impact on long term customer lifetime value, which is a more profitable avenue for firms that seek to pursue growth and sustainability or those that seek to protect themselves from market shrinkage resulting from a contracting economy (Gee, Coates and Nicholson, 2008). Supporting this argument, Lombard (2009) notes that today the pressure on companies to retain customers is fuelled by the market where customer acquisition is slow. Customer retention is important when loyalty is decreasing and sales cycles are aggravating the business environment. Under these circumstances, losing an important customer to a competitor would impact significantly on the organisation's profitability and growth.

A retained customer will always show resistance to competitors' enticement and will be able to give both solicited and unsolicited referral (Omotayo and Jachim, 2008). Anderson and Mittal 2000 in Woo and Fock 2004 affirms that firms that constantly attract new customers will not be able to witness increases in profits if they are unable to retain them but at the same juncture, it is not rewarding to maintain every customer, since it is very costly. Customers are the fortitude of firms (Gupta and Zeithaml, 2006) hence their main agenda is to attract customers (Ang and Buttle, 2006). Firms would not be able to uphold and increase their performance without customers (Gupta and Zeithaml, 2006; Buttle, 2004) as firms are believed to have no revenues, no profits and therefore no market value (Ang and Buttle, 2006). Similarly, several past studies claimed that the existence of a firm is mainly to create and sustain an advantageous relationship with its preferred customers (Ang and Buttle, 2006; Ryals and Knox, 2005).

Performance is the ability of an organisation to gain and manage the resources in several different ways to develop competitive advantage (Iswatia and Anshoria, 2007). Review of past literatures indicate that business performance is normally associated and computed using either accounting or financial expressions (Gupta and Zeithaml, 2006; Ryals and Knox, 2005; Avci, Madanoglu and Okumus, 2010) where profit, operational costs and market share are amongst the most common measures used to assess business performance (BP) (Larivie're and Poel, 2005; Kaplan and Norton, 2001).

Nevertheless, both practitioners and academicians claim that firm performance should not be assessed solely based on the financial dimensions (Kaplan and Norton, 2001; Reichel and Haber, 2005). Hence, consideration on the non-financial performance (NFP) metrics is also equally important in measuring the performance of firms particularly within the service sector (Ryals and Knox, 2005; Avci et al., 2010; Kaplan and Norton, 2001). As such, this study intends to examine the impact of customer retention practice towards firm performance by focusing on the firm's non-financial dimensions in Sweet Sensation, Chicken Republic and Super Foods, Abeokuta, Ogun State.

1.1 Statement of the Problem

It is not an overstatement that customer retention practice is a viable tool that can be used to retain existing customers from defecting. Though companies are aware of the need for retaining customers, most of the money spent by these companies is only to bring customers into the business and not on retaining them (Reichheld, 2003). Due to this attitude shown by most companies, many customers will do business with a particular company but will not continue the relationship once that particular transaction is over (Reinartz et al., 2005). With increasing competition between fast food restaurants and the growing customer health consciousness, customers are always selective in terms of product pricing and service received from fast food restaurants (Tabassum and Rahman, 2012; Nezakati, Kuan and Asgari, 2011). There have been many studies on fast food from different perspectives, (Carew, 2010; Park, 2004) each of them identified different factors that influence the intention of customers to repurchase (Ahmad, Ghazali and Othman, 2013; Akbar and Alaudeen, 2012).

Factors ranging from food quality, service quality, environment, price, fast service (Akbar and Alaudeen, 2012; Tabassum and Rahman, 2012; Tat, Sook-Min, Ai-Chin, Rasli and Hamid, 2011), image of restaurant (Ling, Mun and Ling, 2011) and image factors of fast food stores, customer values eating out, customers' opinions on globalisation (Ibrahim and Vignali, 2005) were considered to influence customer intention to purchase the products and remain with a particular fast food restaurants in regions with different cultures, environmental and socio-economic characteristics. However, due to these divergent findings by different studies, it is still unclear which of the factors most influence customer retention. Therefore, in order to close the gap in the literature, this study therefore combines the identified factors to know which of them actually encourage customers to stick to a particular organisation by focusing on three fast food restaurants namely Sweet Sensation, Chicken Republic and Super Foods Restaurants in Abeokuta metropolis of Ogun State.

1.3 Research Hypotheses

In order to answer the research questions and achieve the objective of the study, the following hypotheses was tested in the study.

H_{01}: Product quality does not have significant effect on restaurant performance.
H_{02}: Trustworthiness of restaurants does not have significant effect on their performance.
H_{03}: Customer exposure to competitors does not have significant effect on restaurant performance.
H_{04}: Customer switching cost does not have significant effect on restaurant performance.
H_{05}: Customer price sensitivity does not have significant effect on restaurant performance.

2. LITERATURE REVIEW

2.1 Concept of Customer Retention

Morgan and Hunt (1994) provide a broad definition of relationship marketing as "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges". This highlights the need to change existing attitudes toward marketing from a series of independent transactions to a dynamic process of establishing, maintaining and enhancing relationships in the long term (Selnes, 1998). It indicates that the relationship between consumer and firm is built upon two parties engaged in a continuous process of exchange whereby both will benefit in the long term. While such relationships are sometimes available, they are not necessarily always long-term (Karantinou, 2005). Thus, the primary relational goal is the long-term continuity of exchange between two parties. Therefore, the "customer retention" trend has emerged in order to increase organisations profits and minimize both costs and customer switching in the long run. This view is confirmed by Farquhar (2003) who explained that, in order to be able to build long-term relationships with customers, institutions must first be able to retain existing customers. This is confirmed by Christopher, Payne and Ballantyne (1991) who assert that the function of relationship marketing is "getting and keeping customers" which will be the challenge of survival in volatile markets.

Accordingly, customer retention is that part of relationship marketing knowledge concerned mainly with maintaining existing customers by manipulating the relationship in a way that enables parties, the firm and the customer, to benefit through long-term, repeat business (Fanjoy and Bureau, 1994; Leong-Yow and Qing, 2006; Chang and Chen, 2007). No single definition of customer retention has gained the majority of marketers and scholars agreement. However, there is general agreement that customer retention implies a long-term relationship. Customer retention has been defined by Oliver (1997) as "a deeply held commitment to rebuy or patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour".

Another definition has been given by Ranaweera and Prabhu (2003) and repeated by Kassim and Souiden (2007) "as the future propensity of the customers to stay with their service provider". Buchanan and Gillies (1990) described customer retention rate as "the percentage of customers at the beginning of the year that still remains at the end of the year". Another definition is provided by Motiwala (2008) "is maintaining the existing customer base by establishing good relations with all who buy the company's product". For the purposes of this study, the researcher defines customer retention in the following way: "all marketing plans and actions that seek to retain both existing and new customers by establishing, maintaining, and maximizing mutual long-term benefits that strengthen and extend the joint relationship between two parties".

This definition coincides with the main flow of researchers interests that explains customer retention-related concepts such as relationship strength, which is based on prolonging mutual benefits (Storbacka, Standvik and Gronross 1994; Zineldin, 1996; Bove and Johnson, 2001). Basically, customer retention implies a long-term relationship but it has many concepts which may exist between the lines. Some researchers such as Zeithaml, Berry and Parasuraman (1996) used the term "future behaviour intention" to describe "customer retention". This is in line with Cronin, Brady and Hult (2000) who used "customer retention" and "behavioural intention" as synonymous concepts. Also, customer retention has a strong link with loyalty which supports the idea of retaining customers who exhibit both a high degree of attitudinal and behavioural loyalty (Rauyruen and Miller, 2007).

2.2 Measuring Customer Retention

Dawkins and Reichheld' s (1990) seminal paper on customer retention implied that a relatively small percentage increase in the retention rate can lead to a large increase in the net present value of customers. This suggests that customer retention may be measured in terms of absolute number of those staying as a percentage of the original number over a specific period, for example 1 year. DeSouza (1992) referred to this form of measure as a crude rate. However, this method poses a further question. How do we determine `a period'? Some products, such as cars, clearly have longer purchasing cycles than others, for example tyres.

The appropriate interval at which a retention rate should be measured, therefore, need not necessarily be 1 year but, as Stewart (1996) argued, depends on the nature of the business and, more specifically, on the repurchase cycle appropriate in the industry. It would be misleading to suggest that `A' has defected if `A' has not purchased a new car in year 2 when the usual repurchase cycle of a new car is 3 years. It is therefore more meaningful for car dealers to measure customer retention every 3 years instead of every 12 months.

A much more complex computation arises when (1) customers have multiple suppliers, (2) a few customers have a disproportionate spend relative to other customers and (3) individual customers have several accounts with a single supplier. A building contractor may buy bricks from several different sources depending on their proximity to its building sites. A newsprint paper company, which needs to import pulp, may buy 70% from a main supplier and the remaining 30% from three separate suppliers. A bank customer may have several accounts with a single bank. In the first two scenarios, it is essential for a supplier to recognize the relative importance of a particular customer vis-à-vis other customers.

DeSouza (1992) suggested a measure of a weighted retention rate rather than a crude retention rate. A weighted retention rate refers to the rate that recognizes the relative importance of the buyers in terms of the volume of sales. If a defected customer had unit purchases that were double the average of all customers, his/her weighted retention rate should also be doubled or counted as equivalent to two customers. In addition, suppliers may also have to account for customers' relative importance in terms of potential growth in their demand. This may be measured in terms of the growth in their spending relative to the growth in the market.

2.3 Concept of Business Performance

Didier (2002) believes that performance entails "achieving the goals that were given to you in convergence of enterprise orientations". In his opinion, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective. Unlike other authors, Didier considers that this concept is actually a comparison of the outcome and the objective. The author's definition is far from clear, as both outcomes and objectives vary, most often, from one field of activity to another.

Lebas (1995) characterises performance as future-oriented, designed to reflect particularities of each organisation / individual and is based on a causal model linking components and products. He defines a "successful" business as one that will achieve the goals set by the management coalition, not necessarily one that achieved them. Thus, performance is dependent on much of capability and future. Unlike other authors, Michel Lebas noted the difference between "performance" and "being performant". "A performance" is subject generally to a measured result, higher than that provided for or arising from the previous results. "A performance" thus indicates always a positive connotation. "Performance" can be both positive and negative and relates to past results.

According to Wholey (1996), performance is not an objective reality, waiting somewhere to be measured and assessed, but a socially constructed reality that exists in people's minds, if it exists somewhere. According to the author, performance may include: components, products, consequences, impact and can also be linked to economy, efficiency, effectiveness, cost effectiveness or equity.

Performance measurement can be carried out systematically for a business completely or it can also be conducted for a temporary period or for a specific aim. Each organisation has some reasons of its own to measure performance. Businesses measure performance often to be able to determine whether they cover the needs of their business, to be capable of approving the truth of what they know about their activities and to reveal what they do not know, to determine if they are in the general sense successful or not, to make sure that the decisions are made not based on emotional or assumptions but on real data, to bring to light the problematic fields or to determine those areas that could be developed (Parker, 2000).

2.4 Measuring Business Performance

There are various methods for the measurement of business performance. The first of them is through objective (quantify) and subjective (judgmental) methods, the second through criteria such as financial (e.g. profit, sales) and operational (e.g. customer satisfaction, quality), and the third through primary (from organisation) and secondary (from databases) data bases (Venkatraman and Ramanujam, 1986; Sang, 2004). In objective measurement, quantitative data (i.e. absolute performance data) is measured whereas in subjective method what is measured is perceptive opinions about performance according to the competitors or company expectations (Dess and Robinson, 1984). The same performance criteria are measured both objectively and subjectively. What matters is to determine those criteria. One can choose the qualitative criteria (e.g. customer satisfaction, overall business performance) or quantitative (e.g. profit, sales). The quantitative criteria are measured with an objective or subjective measurement but the qualitative criteria can be measured subjectively (Kucukkancabas, Akyol and Ataman, 2006). In literature it has been shown clearly that there is a high correlation between the objective and subjective measurements and that using both methods together are suited to performance measurement (Venkatraman and Ramanujam, 1986).

2.5 Empirical Review

Moghadam (2013) examined the determinants of customer retention by offering a model to banking industry in Iran. A standardized questionnaire was utilized to collect data from current account holders of Mellats banks in north-west of Iran. A sample of 242 respondents were chosen and studied in a cluster manner. Data collected was analysed using structural equation modelling. Result of the analysis revealed that there was a positive and significant effect of customer orientation on customer's commitment, satisfaction and retention. Also, there was a positive effect of customer satisfaction on commitment and retention. There was no significant relationship between customer commitments on their retention.

Eberle, Milan and Augustos de Matos (2016) examined the antecedents to customer retention in a corporate context in Brazil. A sample of 269 company's customers of a health plans operator were selected for the study. The data collected was analysed with the use of a structural equation modelling and hierarchical regression analysis. The results showed that perceived value influenced reputation. Reputation impacted on trust and switching costs. Switching costs are configured as antecedent to customer retention and that customer retention is influenced by reputation. Finally, the moderating effect of customer time revealed that there was no statistically significant relationship between switching costs and customer retention.

Oyeniyi and Abiodun (2008) carried out a study on customer service in the retention of mobile phone users in Nigeria in order to find the relationship between customer service and customer retention in telecommunication industry. The study made use of academic staff of one of the relatively new private owned university in south west, Nigeria. Systematic random sampling technique was used to select 150 respondents from the university staff. Questionnaire was the instrument used to collect data from respondents. Data collected was analysed using correlation coefficient and regression analysis. Result from the regression analysis revealed that there was significant relationship between perceived service level and customer satisfaction. There was a significant positive relationship between customer satisfaction and customer's behavioural intentions. Also, result from correlation analysis revealed that there was a moderate positive correlation between customer service and customer retention. Customer behavioural intention have strong and positive correlation with customer retention.

Ocloo and Tsetse (2013) examined the effect of customer retention in Ghanaian telecommunication industry in order to find out whether quality service has a relationship with customer retention and whether there is interplay between customer satisfaction and retention. Questionnaires were drawn purposively from 134 respondents from University of Ghana, Legon main hall and Ministry of Communication who were made of Vodafone prepaid users. Data collected was analysed using Chi-square and the result revealed that there was a relationship between quality service and customer satisfaction while customer satisfaction to a large extent influenced customer retention. These findings hold implication for industry operators on key areas to pay attention to in order to improve customer satisfaction so as to guarantee customer retention.

Kassim and Souiden (2007) carried out a study on customer retention measurement in the United Arab Emirate (UAE) banking sector. Data were collected from retail banking customers in the UAE. Data collected was analysed using correlation analysis and structural equation modelling. The results showed that image is both directly and indirectly related to retention via satisfaction, while perceived service quality is indirectly related to retention via satisfaction. The study concluded that satisfaction was not the sole determinant of retention in retail banking. Ibok and Udofot, (2012) carried out a study to examine those service characteristics that impact on customers' retention within the context of micro finance institutions in Akwa Ibom State of Nigeria. Regression model was used in analysing the data received from 90 respondents patronizing 13 licensed micro finance banks in the State. Simple per centages were used to analyse the demographic characteristics of micro-finance customers tabulated in a bi-variant frequency table. The paper identifies a number of drivers and inhibitors of retention behaviours and underscored the need for their proper understanding.

Pro-active and reactive retention measures were recommended as necessary conditions for improving retention and general business performance among micro finance banks.

3. METHODOLOGY

3.1 Research Design

The study adopted survey research design method. The survey method is a way of systematically collecting data from a sample of individuals. The choice of survey method was informed by the fact that it described the preferences, behaviour or factual information of respondents being considered.

3.2 Population of the Study

The target population consisted of all various customers, both sexes between the ages of 18 and 50 years' old who visited Sweet Sensation, Chicken Republic and Super Foods at Abeokuta metropolis, Ogun State during the period of April and May, 2019.

3.3 Sample Size and Sampling Procedure

The study adopted purposive sampling technique for selecting three restaurants in Abeokuta metropolis. The reason for picking the selected restaurant is because they have high patronage and have enough customers who buy their foods. However, due to the difficulty in determining the actual list of customers patronising these restaurants, convenient sampling technique was used to select 150 customers each from the three restaurants starting with every third customer entering the selected fast food restaurants to purchase food on each day of the survey from 9am when the restaurant opens for business till 9pm in the night for the period of 1 month.

3.4 Method of Data Collection

A structured questionnaire was used to collect information from the customers selected to participate in the study. The questionnaire was divided into 3 subsections as follows;

Socio-Demographic Characteristics: This collected information on socio-demographic information on customers and it included gender, age, marital status and educational qualification.

Customer retention: A benefit of customer retention scale for restaurant customer developed by Narayandas (1998) was used to assess the likelihood of customers to remain loyal to and repurchase restaurant products. This measure includes 13 items that describe the benefit of retaining customers (sample items: "restaurant products have consistent quality" or "how hard or easy would it be for you to change restaurant"; rated on scale 1 – 10, 1 – 5 and dichotomous scale respectively. The items were summed up, with highest score indicating the likelihood of customer retention.

Restaurant performance: A customer satisfaction scale developed by Msoka and Msoka (2014) was used to assess the level of customer satisfaction with restaurant products. This measure includes 7 items that describe the extent to which customer are satisfied with the products and services offered by restaurant. However, the study modified the items in the questionnaire to suite the restaurant environment and 5 items were finally selected for use in the study. The scale was modified to capture customer satisfaction in the fast food industry which reduced it to 4 items (sample items: "Kindness of restaurant staff makes you continue trusting the restaurant" or Better services offered by the restaurant have made you to remain with it". Measured on a five-point Likert scale from 1 = strongly disagree to 5 = strongly agree.

3.5 Validity of Instrument

The study tested for validity of the psychometric scales by assessing the discriminant validity. Discriminant validity refers to the extent to which factors (in this case are restaurant performance, trustworthiness, product quality, exposure to competitors, switching cost and price sensitivity) are distinct and uncorrelated. Therefore, value above 0.5 was considered relevant and supportive of discriminant validity (Hair, Hult, Ringle and Sarstedt, 2014).

3.6 Reliability of Instrument

To ensure reliability of the instrument adopted, Cronbach's alpha and composite reliability test were used to assess the reliability of measurement scales with multi-point items relating to the components of customer retention and business performance. Based on this, Cronbach's alpha and composite reliability value above 0.7 was considered acceptable (Chin, 1998).

3.7 Method of Data Analysis

Data collected was analysed using simple descriptive statistics comprising of frequency tables, percentages, mean score and standard deviation. Furthermore, data collected to achieve the objectives of the study was analysed by employing Statistical Packages for Social Sciences (SPSS) software to conduct a multiple regression analysis.

3.8 Model Specification

The model used in this study was specified as follows:

Restaurant performance f (Restaurant ability to retain customers) …………………………. (3.1)

Equation (3.1) implied that restaurant performance is a function of its ability to retain existing customers.

The Expanded model of Equation 3.1 was stated as follows:

$$RP = \alpha_0 + \alpha_1 PQ + \alpha_2 T + \alpha_3 EC + \alpha_4 SC + \alpha_5 PS + e \quad \text{.. (3.2)}$$

Where
RP = Restaurant performance
PQ = Product quality
T = Trustworthiness
EC = Exposure to competitors
SC = Switching cost
PS = Price sensitivity
α_0 = Constants
$\alpha_1 - \alpha_5$ = Parameter estimated
e = error term

3.9 Hypothesised Model

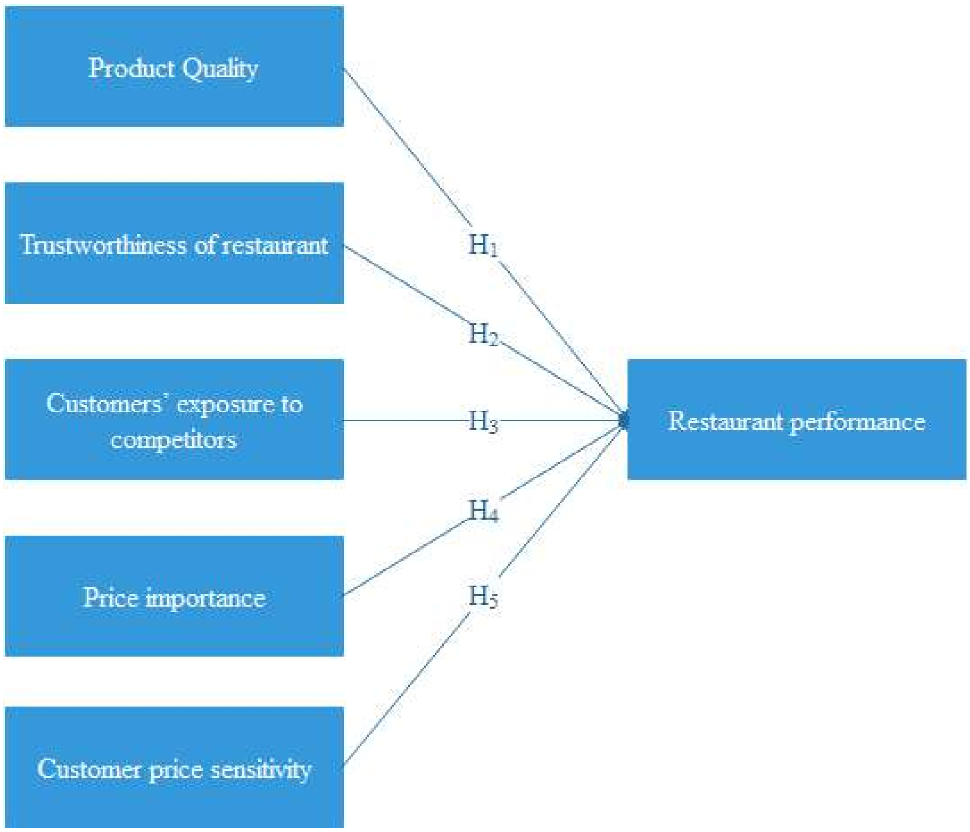

Figure 3.1. Hypothesised model of customer retention and restaurant performance

4. RESULT

4.1 Response Rate

One hundred and fifty (150) copies of questionnaires were administered to respondents while one hundred and twenty-nine (129) copies were successfully completed and returned. However, during data screening/cleaning process, thirty (30) copies of the questionnaires were found incomplete and were excluded from the analysis thus, 99 copies were found to be useful for the study which represented 66 per cent rate of return as presented in Table 4.1. Furthermore, missing data are believed to affect the robustness of any data analysis are were death with in this study by using the Multiple Imputation via Chained Equations (MICE) to impute all the missing values that were less than 10 per cent of the total survey items.

Table 4.1. Response Rate

S/N	Population	Sample size	Response			
			Returned	Completed	Not completed	Response rate (%)
1	Customers	150	129	99	30	86.0
Total		**150**	**129**	**99**	**30**	**86.0**

Source: Field Survey, 2019.

4.1 Reliability Test

In order to test for reliability of the questionnaire items, Cronbach's alpha test was adopted and the results were presented in Table 4.11. Results revealed that all the variables meet the threshold value of 0.7 which revealed high internal coherence and good psychometric properties.

Table 4.2 Cronbach's Alpha Reliability Test Results

Variable	Number of item	Cronbach's alpha
Restaurant Performance	5	0.895
Product Quality	5	0.898
Trustworthiness of Restaurant	5	0.910
Customer Exposure to Competitor	5	0.765
Price Importance	5	0.861
Customer Price Sensitivity	5	0.821

4.2 Test of Hypothesis

In order to test the hypotheses stated in the study, a multiple regression analysis was estimated to fit the regression line. The result (Table 4.12) of the analysis indicated that the value of the constant was 0.415 which implied that when restaurants does not involve in trying to retain customers (when X = 0), the restaurant performance would be about 42%.

Trustworthiness was positive and significantly related to restaurant performance. The coefficient was 0.591 which indicated that an increase in trustworthiness would result in about 59 per cent increase in restaurant performance. Based on this result, the null hypothesis one was rejected and the study concluded that trustworthiness was significantly related to restaurant performance. Product quality was positive and significantly related to restaurant performance. The coefficient was 0.823 which indicated that an increase in product quality would result in about 82 per cent increase in restaurant performance. Based on this result, the null hypothesis two was rejected and the study concluded that trustworthiness was significantly related to restaurant performance.

Exposure to competitors was negative and significantly related to restaurant performance. The coefficient was -0.617 which indicated that an increase in exposure to competitor's products would result in about 62 per cent decrease in restaurant performance. Based on this result, the null hypothesis three was rejected and the study concluded that trustworthiness was significantly related to restaurant performance.

Switching cost was positive and significantly related to restaurant performance. The coefficient was 0.914 which indicated that an increase in switching cost would result in about 91 per cent increase in restaurant performance. Based on this result, the null hypothesis four was rejected and the study concluded that trustworthiness was significantly related to restaurant performance. Price sensitivity was negative and significantly related to restaurant performance. The coefficient was -0.633 which indicated that an increase in price sensitivity would result in about 63 per cent decrease in restaurant performance. Based on this result, the null hypothesis five was rejected and the study concluded that trustworthiness was significantly related to restaurant performance. Overall, the study concluded that customer retention has significant effect on restaurant performance in the three selected restaurants.

Table 4.3 Regression Result

Dependent Variable: Restaurant Performance			
Independent variables	Coefficients	t-statistic	p-value
Constant	0.415	7.631	0.001
Trustworthiness (T)	0.591	5.189	0.001
Product quality (PQ)	0.823	6.222	0.001
Exposure to competitors (EC)	-0.617	-9.114	0.001
Switching cost (SC)	0.914	3.653	0.001
Price sensitivity (PS)	-0.633	8.841	0.001

R-squared = .71, Adjusted R-squared = .70, Durbin-Watson stat = 2.969, F-statistic = 3.774***(0.007).
***Significant at 1% level.

4.10 Checking Regression Assumptions

Multicollinearity: There should be no perfect linear relationship between two or more of the predictors. This assumption was tested using the Variance Inflated Factor (VIF) and the tolerance result (See Table 4.3)

Table 4.3. Multicollinearity Test

Variable	VIF	Tolerance
Trustworthiness	1.054	0.948
Product quality	1.214	0.824
Exposure to competitors	1.475	0.678
Switching cost	1.235	0.810
Price sensitivity	1.333	0.751

Independent Errors: For any two observations the residual terms should be uncorrelated (or independent). This eventuality is sometimes described as a lack of autocorrelation. This assumption can be tested with the Durbin–Watson test, which tests for serial correlations between errors. Specifically, it tests whether adjacent residuals are correlated. The test statistic can vary between 0 and 4, with a value of 2 meaning that the residuals are uncorrelated. A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value less than 2 indicates a positive correlation. Since the value of the Durbin Watson statistics (Table 4.14) was 2.021 with an insignificant probability value, it was concluded that there was a negative correlation between the residual.

Table 4.4. Durbin Watson Test

Durbin Watson	p-value
2.021	0.712

5. CONCLUSION

The main conclusion to be drawn from the study was that customers patronised these restaurants basically because they perceived them having consistent product quality, neatly packed, displayed very nicely and attractive, delivered on timely manner and obtained through easy and convenient process. Also, customers patronised these restaurants basically because they perceived their staff not being arrogant, well-behaved, trustworthy, restaurant being the market leader and the level of concern exhibited by the staff towards the customers. There was less tendency that customers would switch from one restaurant to the other. Respondents do not take price as very important when making their purchase.

Restaurant performance depends on how well they were able to handle and address complaints made by customers, kindness of the staff towards the customers, better prices of their products, better products offered and ease of purchase of their products. Overall, customer retention has significant effect on organisational performance the three restaurants.

6. RECOMMENDATIONS

Based on the findings of this study, the following recommendations were made:

(i) The restaurants should improve on their product quality in order to retain customers as well as improve their level of performance.

(ii) The restaurants should maintain their level of trustworthiness with their customers so as to gain their trust.

(iii) The restaurants should try as much as possible to retain current and attract new customers by providing them with varieties of products in order to keep them from switching to other restaurants

(iv) The restaurants should make sure that products prices are reasonable and comparable with what other restaurants offer.

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