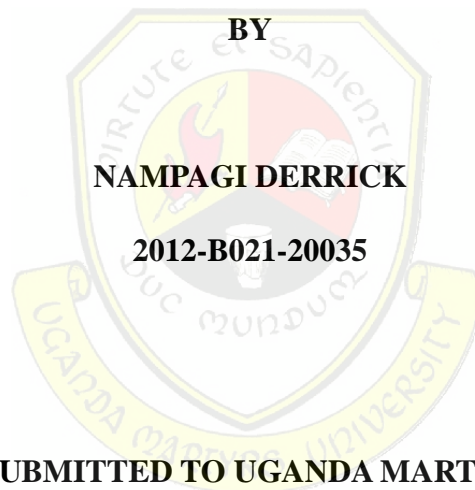


**THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND
PERFORMANCE AT PEARL RESTAURANT LOCATED AT EMERALD
HOTEL IN KAMPALA.**



**A DISSERTATION SUBMITTED TO UGANDA MARTYRS UNIVERSITY IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF A BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION
AND MANAGEMENT**

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DEDICATION

I dedicate this report to my beloved parents Mr. Stephen Ssebayigga and the late Miss Kabengano Sarah.

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The journey to the completion of this dissertation has been a combination of tireless, devotion and support both academic and morale from various people who at this point are worthy acknowledging. My warm thanks and appreciation go to my supervisor Dr Sr Nakitende Marie for guiding me through this challenging task. On every session of our meetings, I learned a thing or two. I am proud to state that you nurtured me into a research maestro.

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Abstract

The purpose of this study was to find out the relationship between customer satisfaction and performance at Pearl Restaurant in Kampala. The research was based on three objectives that is to say, to find out the strategies used by Pearl Restaurant in attracting customers, to explore the effects of customer satisfaction on profitability of Pearl Restaurant in Kampala and to find out the services that are provided by Pearl Restaurant to customers in Kampala.

The researcher used a case study research designs. For this report data was collected through the use of interviews from some respondents. Therefore, few respondents that's to say ten have been taken as a sample and were selected randomly.

Findings of the study revealed that customer satisfaction has done a great deal on the performance of Pearl Restaurant in terms of profits thus increase on customer retention at the restaurant.

However, the study found out that there is not only customer satisfaction but also other factors have also led to a better performance of the restaurant in terms of profits

Finally the study recommended that it is seen feasible and of paramount benefit to put in place well streamlined customer guides to the entire restaurant, creativity and also employee motivation such that the employees can be able to treat the customers well in order to be satisfied.

CHAPTER ONE

INTRODUCTIONS

1.0 Introduction

The success of the restaurant business in Uganda especially in Kampala district was attributed to the relationship that exists between the restaurant business and the customers. This was because of Brink and Brendt (2008:55) who stated that “high quality customer satisfaction is key to improving relationships with customers, and enhanced relationship with one’s customers can ultimately lead to greater customer retention, customer loyalty and more importantly profitability increase”. Therefore, chapter one started with the presentation of the background that talked about the relationship between the customer satisfaction and restaurant business performance in Kampala district.

The background also provided the general view of the restaurant business in the world at large, region where the researcher talked about the restaurant business performance in South Africa and also within Uganda where he concentrates on Kampala district. Chapter one also talked about the problem statement where the researcher identified the problem as how to satisfy customers within the restaurant business within Kampala district. This chapter also talked about the purpose of the study which was to explore and understand the factors or forces that led to customer satisfaction and eventually retention in restaurant business within Kampala district.

Chapter one also talked about the objectives of the study, the research question the hypotheses of the study and also the scope of the study. This chapter also showed the period which the study will cover, the area in which the study was conducted. Chapter one also talked about the justification of the study which shows the reason as to why this study should be conducted.

There is also the significance within this chapter which will show the importance of the study that will have been carried out. There is also a conceptual frame work within chapter one and this one shows the independent variable and the dependent variables in relation to the researched topic.

1.1.Background

In the past few years, customer satisfaction and retention were essential in business research as it was related towards the restaurants' profits. In this case, it was therefore important for restaurants to satisfy their customers' needs and wants in order to gain competitive advantage over their competitors (Singh 2006). Customers' satisfaction and retention were very essential therefore restaurants should focus on them so much. If a business did not succeed in satisfying its customers, there was a very high tendency that the customers would not return back to the business again (Gerson 1993). In this case, satisfied customers were likely to be loyal to the business by returning back to it than the dissatisfied customers.

According to Kassim and Soulden (2007) customer retention and satisfaction were the future propensity of the customers to stay with their service providers. Customer retention was more than giving the customers what they expect; it's about exceeding their expectations so that they become loyal advocates for your brand. Creating customer retention puts customer values at the Centre of the business strategy.

From the above definitions different researchers indicated that there is no single definition for customer retention and satisfaction. However researchers like Oliver (1997) say that "customer retention is a long term relationship". Therefore customer retention is all about marketing plans and actions that seek to retain both the existing and new customers by establishing, maintaining

and organizing mutual long-term benefits that strengthen and extend the joint relationship between the two parties.

In the United States of America, the restaurant industry is large compared to other countries. It is providing very many products and services to its customers thus reaching out to almost every house hold in one way or another. Reflecting to the size of the industry, the National Restaurant Association (NRA) predicted that Americans would spend \$426.1 billion on food consumed within restaurants or outside their homes (National Restaurant Association 2003).

Of this amount, it was predicted that full service restaurants could have a share of 36%. This industry has grown over the past years, largely because the American way of life has changed. Since 1950, the promotion of married women at the work places has increased (Goch, 1999) resulting in the married women having less time to plan and prepare meals at their homes. Currently, meals are more of an afterthought rather than planned occasion (Mogebnsky, 1998) people usually find themselves hungry and yet have no time to cook since they work day and night and in the end they eat out their homes in the restaurant which has led to an increase in the restaurant business within the United States of America.

In Africa, the restaurant industry in South Africa is also large, and it has always been a growing industry whose presence is visible in almost all areas in the country. The restaurant industry provides a wide range of products and services to their customers that have impact on households in one way or another (Euromonitor International, 2005)

South Africa's development and globalization has been seen in the country over the years working longer hours and as a result, limiting the time spent with family time. Thus eating out has become the option of choice for many people. Families often choose a dining outlet which caters for the whole unit (Euromonitor International, 2005).

Hartford (2007) revealed that in, the South African Department of trade and industry reported that consumption spending in the country had risen more than 7% in the first quarter of 2007. The article by Hartford (2007) also revealed that national statistics board South Africa 2007, reported total nominal income at restaurants to be up to more than 18% over the previous years. This has led to the growth of the restaurant business in South Africa. It has also led to reduction in the time spent at home thus reduction in the food that is consumed in homes and leading to an increase in the growth of the restaurant business in the country (Hartford (2007)

Euromonitor International, (2005) further revealed that the main factor affecting food service growth in South Africa is convenient. As mentioned earlier the changing lifestyle patterns, an increase in both parents working and an increase in single parent household, with the result that less time is spent on the preparation of food for the family than it was the case before which makes people to opt for restaurant foods.

In Uganda, restaurants have emphasized good customer care services. These restaurants have customer care service policy which facilitates customer activities. The policy is designed for activities like efficient and timely delivery parking space, sensitivity and attention of customer needs and wants and many other activities.

However, the existence of the policy to ensure the best services for their customers, the restaurants have continued to lose customers to their competitors and creation of new customers is below target. Customers complain of high prices and also customer neglect. This situation has led to customer dissatisfaction as a result; they are shifting their demand and loyalty to other organizations providing similar services and can meet their expectations.

1.2.Problem statement

The restaurant industry around Kampala is receiving quite a number of other restaurants coming up given the fact that there is an upcoming population falling under middle class in Kampala; with this in place, little is documented about how customer satisfaction services relation with performance of these ever mushrooming restaurants. The fact remains the presence of many restaurants which provide a wide range and variety of customer care services to their customers (Kolter 1998).

This qualified and called for a research to be done to document the levels of customer care service at Pearl Restaurant on Emerald Hotel which have proved to be with better customer care. This made it necessary for immediate research to be carried out to save the restaurant from losing its customers.

1.3.Purpose of the study

The purpose of the study was to find out the relationship between customer satisfaction and performance at Pearl Restaurant in Kampala.

1.4.Objectives

The study objectives were;

- To find out the strategies used by Pearl Restaurant in attracting customers.
- To explore the effects of customer satisfaction on profitability of Pearl Restaurant in Kampala.
- To find out the services that are provided by Pearl Restaurant to customers in Kampala.
- To find out the effects of customer satisfaction on customer loyalty and retention on Pearl Restaurant in Kampala.

1.5. Research questions

- How does customer service impact on profitability of Pearl Restaurant performance in Kampala?
- What strategy does Pearl Restaurant use in attracting its customers to the services provided in Kampala?
- What strategies are used by Pearl Restaurant in Kampala to address challenges faced in satisfying their customers?
- What are the effects of customer service on customer loyalty and retention in Pearl Restaurant in Kampala?

1.6. Hypotheses

- Customer satisfaction has significant impact on profitability of Pearl Restaurant performance in Kampala.
- Services are provided by Pearl Restaurant to customers in Kampala.
- Customer satisfaction affects customer loyalty and retention in Pearl Restaurant in Kampala

1.7. Scope of the study

The study focused on the relationship between customer service and restaurant business performance in Kampala. The study was conducted on Pearl Restaurant in Kampala. The main objective was to understand how customer service satisfaction impacts on the performance of restaurants profitability and customer satisfaction and retention. The study also covered a period of one year and the sample study population will include 10 participants. There were different tools that were used in data collection process. The methods also included survey, interview

guides and observation methods. These methods were used simply because they were easy to apply, cheap and also were times saving.

1.8. Justification

The reason for currying out this study now was to show the restaurants within Kampala that there was need to improve on their customer services in order to increase their performance and increase on the profits. This study was done through the use of customer care services as a basis for restaurants in Kampala to provide services that meet the customer satisfaction needs and expectations, devise means of retaining their loyal customers and to gauge how far this impacts on their performance in terms of profitability.

1.9. Significance

The findings of this study were to be used by the restaurants' managers and owners and even other organizations know how to satisfy and also maintain or retain their customers. In addition, the results of this study also led to improved organizational performance, increased customers, retention, and excellent customer service. This study was also to help the restaurant and other business organizations to know more about the importance of satisfying a customer within a business.

1.10. Limitations

The researcher faced different limitations or problems and these included the following;

- Difficulties in obtaining copies of some documents, the researcher found some of the documents missing some of the relevant information needed for researcher.

- The researcher faced difficulties in identifying key respondents who are genuine and are were having the required information to explain the topic that was under investigation.
- The researcher also found difficulties in getting the real data that was needed for the current study being carried out.
- The researcher also faced the problem of restricted information from the organization thus not getting the correct information needed for the research.

1.11. Conceptual Framework

A conceptual framework was a table that presented and relates the key variables of the study. It also had the dimension of the key variable to the study.

Figure 1.0

Dependent Variable

Independent Variable

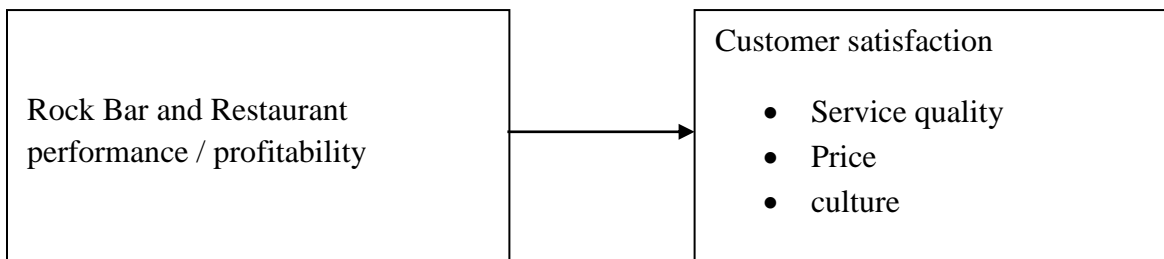


Figure 1: provides a conceptual framework in relation to the dependent and independent variable that were believed to contribute to the restaurant performance in relation to the profitability. As the figure shows in order to achieve maximum profitability as the dependent variable customers must be satisfied with the quality of services, price offered and the culture portrayed by the organization.

1.12. Terminologies

- **Customer satisfaction** is the customer's fulfillment response (Oliver 1997).
- **Customer** is a person who does the buying of the products (Solomon 2009).
- **Satisfaction** is the persons feelings of pleasure or disappointment that results from comparing a product perceived from performance or outcome with their expectations. (Kolter & Keller 2009).
- **Customer retention** is an activity that selling organization undertakes in order to reduce customer defections.
- **Customer service** is the assistance and advance provided by a company to those people who buy or use products or services.
- **Restaurant** is an establishment designed in whole or in part, to accommodate the consumption of food and beverages.

1.13. Conclusion

In conclusion, chapter one provides an over view of the study and some insight of what was expected in the subsequent chapters. The results of the research indicate that there are various factors beyond mere customer satisfaction that do influence the performance of the Pearl Restaurant in Kampala. Concerning all other businesses, customer satisfaction has come up as the most important issue and considered as the most reliable feedback for the good performance of the organization.

Customer satisfaction has been part of marketing and plays an important role for instance in measuring customer satisfaction. The research study has study has been conducted to examine the relationship between customer satisfaction and the performance thus based on

the findings it could be concluded that there has a significant relationship between customer satisfaction and restaurant performance in Kampala.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Chapter two provided the literature of the topic that was being researched about, that is to say The Relationship between Customer Satisfaction and Restaurant Business Performance in Kampala. This literature was concerned about what other researchers talked about that topic. The chapter also talked about the relationship between the researcher's findings and the existing literature by other researchers. It also presented the arguments and also the similarities of the different researchers in the other contexts.

2.1 Customer satisfaction and restaurant performance

Customer satisfaction is defined as the customers' fulfillment response (Oliver 1997). It is a judgment that a product or service features or the product or service itself, provides pleasurable level of consumption related fulfillment. Therefore it is the overall level of contentment with a service or product experience. Oliver (1981) stated that satisfaction soon decays into one's attitude.

Satisfaction has been broadly defined by Vavra, T.G. (1997) as a satisfactory post-purchase experience with a product or service given an existing purchase expectation. Howard and Sheth (1969) define satisfaction as, "The buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone."

Customer satisfaction is typically defined as a post consumption evaluative judgment concerning a specific product or service (Gundersen, Heide and Olsson, 1996). It is the result of an evaluative process that contrasts repurchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980).

Grigoroudis, E and Siskos, Y (2009) defines a customer is any organization or individual with which you have done business over the past twelve months. Customer also means the party to which the goods are to be supplied or service rendered by the supplier.

Client happiness, which is a sign of customer satisfaction, is and has always been the most essential thing for any organization. Customer satisfaction is defined by one author as “the consumer’s response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service as perceive dafter its consumption” (Tse & Wilton, 1988) hence considering satisfaction as an overall post-purchase evaluation by the consumer” (Fornell, 1992,). Some authors stated that there is no specific definition of customer satisfaction, and after their studies of several definitions they defined customer satisfaction as “customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post-purchase, post-consumption)”. (Giese & Cote, 2000) This definition is supported by some other authors, who think that consumer’s level of satisfaction is determined by his or her cumulative experience at the point of contact with the supplier (Sureshchander et al., 2002,). It is factual that, there is no specific definition of customer satisfaction since as the years passes, different authors come up with different definitions. Customer satisfaction has also been defined by another author as the extent to which a product’s perceived performance matches a buyer’s expectations (Kotler et al., 2002). According to Schiffman & Karun (2004) Customer satisfaction

is defined as “the individual’s perception of the performance of the products or services in relation to his or her expectations” (Schiffman & Karun 2004). In a nutshell, customer satisfaction could be the pleasure obtained from consuming an offer.

Most restaurants are trying to attract customers and to make them satisfied with the restaurant’s products or services in order to increase customer loyalty through customer satisfaction. Among various methods to measure a restaurant’s competitiveness and marketing performance, customer satisfaction is a most universally accepted measurement (Morgan, Anderson, & Mittal, 2005), as well as an influential performance metric (Kaplan & Norton, 1996). Many restaurants attempt to measure customer satisfaction in order to evaluate whether they meet their customers’ needs better than their competitors (Fornell, Mithas, Morgeson, & Krishnan, 2006). Theoretically, it can be assumed that increasing customer satisfaction is more likely to bring positive outcomes such as increasing sales volume and market share. Thus, marketplace outcomes such as sales or market share have become a traditional method of evaluating the success of marketing strategies (Lehmann, 2004).

Today, however, top managers persist with the idea that every functional activity should have as its ultimate goal the creation of shareholders value, (Day & Fahey, 1988; Hunt & Morgan, 1995). Noted as a financial performance, restaurant evaluation also has been a prominent area of interest for corporate officials even CEOs because their evaluations, which can be significantly influenced by customer satisfaction, are directly linked to their compensation (Ittner, Larcker, & Rajan, 1997). In that sense, it is important to know how customer satisfaction influences a restaurant’s value and profitability in the academic fields as well. The Marketing Science Institute selected marketing metrics and the measurement of the financial effect of marketing as

main concerns (Denizci & Xiang, 2009). Some researchers even advised that “the new epoch of accountable marketing” might be coming soon (Uncles, 2005).

Bitner and Hubbert (1994) talk of two ways of viewing customer satisfaction, that is to say service encounter satisfaction which deals with the satisfaction and dissatisfaction. The other way is overall satisfaction based on multiple encounters and experience. Therefore less satisfaction based on each service encounter leads to overall satisfaction with the service.

A customer is a stakeholder of an organization who provides payment in exchange for the offer provided to him by the organization with the aim of fulfilling a need and to maximize satisfaction. A customer can be a consumer but not all consumers are customers to an organization. Therefore a consumer is a person who usually buys from a organization according to the researcher.

Solomon (2009) explains a customer as a person who does the buying of the products and services yet a consumer is a person who ultimately consumes the product. In this case, once a consumer is satisfied with the product or service, it is called satisfaction.

Therefore, satisfaction is a person’s feeling a pleasure or disappointment that results from comparing a products perceived performance or outcome with their expectations (Kolter & Keller 2009).

In other words, satisfaction could be the pleasure got by someone from the consumption of goods or services offered by another person. Satisfaction varies from one person to another because of its utility.

Customer satisfaction is the consumers' response to the evaluation of the perceived discrepancy to the prior expectations and actual performance of the product as perceived after its consumption (Tse & Wilton 1988). Thus, taking satisfaction as an overall post-purchase evaluation by the consumer (Fornell, 1992).

Other authors stated that there is no specific definition for customer satisfaction, but after several definitions, Grese and Cote (2000) defined customer satisfaction as a response that pertains to a particular focus and occurs at a certain time, that's to say post-purchase and post-consumption.

McCull-Kennedy and Schneider (2000) and Reichheld and Sasser (1990) pointed out that customer satisfaction is important for a restaurant success.

Further researchers indicated that customers' level of satisfaction is determined by the customers' cumulative experience at the point of contact with the supplier or provider (Sreshchander et al, 2002). It's true that there is no definite definition from customer satisfaction since different authors come up with different definitions. Kotler et al (2002), defines customer satisfaction as the extent to which the products perceived performance matches up with the different definitions. Accordingly Schiffman and Karun (2004) showed that customer satisfaction is defined as the individuals' perception of his or her expectations while in a nutshell, customer satisfaction is the pleasure obtained from consuming an offer from the offered. Customer satisfaction is divided into two major types that is to say transaction specific and cumulative (Boulding, et al, 1993, Andreassen, 2000). Transaction specific customer satisfaction is seen as a post choice evaluation judgment of a specific purchase (Olive, 1980). Cumulative customer satisfaction is overall evaluation based on the total purchase and consumption experiences with a product or service within a given time (Fornell, 19992, Johnson & Fornell,

1991). Therefore cumulative customer satisfaction is tone that motivates organizations invest more in customer satisfaction.

2.1.1 Restaurant Performance

This is a complex construct with multiple possible indicators. These include domestic market share, premium growth, profitability, annual turnover and return on investment. However, the relationship between customer satisfaction and restaurant performance lies in the subjective measures of restaurant performance.

Calantone, Benedetto and Bhoovaragham (1994), suggest that the degree of customer satisfaction of a firm is related to the new product performance. Hence, restaurants that attempt to bring out more satisfaction maybe more likely to succeed.

Similarly, recent research shows that increased levels of customer satisfaction are associated to superior performance. (Robinson, Fornell and Sullivan (1992))

Also Subramanian (1997), reports a positive significant association between customer satisfaction and restaurant performance in the restaurant industry.

2.2 Effects of Customer Satisfaction on Profitability of Pearl and Restaurant

Profitability is the ability of an organization to generate profit in a certain period of time using capital or asset, either from the creditor or the shareholder himself (Van and Van, 1995). Moreover, Warren et al (2004) states that profitability is the ability of an organization to generate profit in a certain period of time by means of capital or asset. From the statements above and the research done by Yee et al (2008), it can be presumed that there are several indicators which are useful for evaluating profitability of an organization, namely: revenue, asset and profit. In Balanced Scorecard framework, profitability is translated into financial perspective.

Customer satisfaction has a great and good or positive effect on the profitability of an organization or restaurant like Pearl Restaurant in Kampala. Research shows that a customer who has been satisfied by the organization through the service or product rendered to him or her will always purchase and also repurchase from the same point, will be loyal to the organization in a good and positive way. This will be through giving positive words to others about the organization (Hoyer, McInnis 2001)

Coldwell (2001) developed the Growth Strategies International (GSI) which is used to analyze customer satisfaction data in a statistical way. This has more than 20000 customer survey findings that are conducted in 40 countries by info quest. Within these findings, customers who are fully satisfied bring 2.6 times as much income to an organization. More to that, customers who are fully satisfied bring 17 times as much revenue unlike the dissatisfied customers who reduce the income rate amounting to 1.8 times the revenue a customer who is fully satisfied will bring to the organization (Coldwell 2001).

Different researchers have discussed the effect of customer satisfaction, most of the researchers concluded that satisfied customers are likely to share their positive experience with 5 to 6 individuals while those that are not satisfied are likely to share with 10 individuals about their bad experience with the organization (Zairi 2000).

According to Aaker (1995), the strategic determinants for a business to be successful, it should include providing quality products to its customers, becoming more competitive, employee performance and also other activities that can make the organization at a better advantage compared to her competitors. Therefore, if business organizations believe that dealing with

customer satisfaction is costly, it is also important for these organizations to also realize that it can cost them about 25% of their profits to find or get new customers.

In this case, organizations or businesses should make an effort to improve on the customer satisfaction in order to impact on the profitability of the organization in a positive and good way thus increasing on the profitability of the organization or restaurant like Rock Bar and Restaurant. Therefore, for the organization to have more profitability within its operations, it should embark on the customer satisfaction in order to have positive words about it from the customers who are satisfied

2.3 Effects of customer satisfaction on customer loyalty and retention in Pearl Restaurants

Satisfying customers is not enough but there is need to have customers who are fully satisfied since if a customer is satisfied, it leads to having customer loyalty (Bansal 2001).

Customer loyalty is the starting point of customer satisfaction measurement. When customers are satisfied, it helps in customer loyalty in a way that it helps in maintaining customers' relationship which leads to word of mouth and repurchase from the organization (Savadas, Baker-Prewitt, 2000).

The higher the household income is, the less switching is expected that's to say customers with high income can afford to repeat dining in familiar restaurants despite the wide price variation. They value the businesses that treat them the way they like to be treated, and once they have made a decision about a restaurant they are often loyal to that particular restaurant; they will continue to dine with it in the future, recommend it to friends, and will even pay more for the service (Assael, 1991).

Customer loyalty is one of the most important customer metrics in marketing due to the profit impact of maintaining a loyal customer base (Oliver 1999). The literature points out that customer loyalty leads to firm profitability because customer loyalty positively influences firm product-marketplace performance (Anderson and Mittal 2000; Fornell 1992) and financial performance (Anderson et al. 1994; Gupta and Zeithaml 2006), and creates shareholder wealth (Anderson et al. 2004). The literature explains this positive loyalty-firm profitability link for several reasons. First of all, according to Pfeifer (2005), loyalty reduces customer acquisition costs, which in turn, reduces firm costs or expenses. Second, customer loyalty indicates customer retention, the most important customer metric for firm profitability, because loyalty measures customers' intention to repurchase a product or service. In a traditional sense, marketing academics and practitioners have emphasized the consequences of market-based assets on success within the product marketplace, as illustrated in product sales and market shares. Nonetheless, the significance of the effect of market-based assets on financial performance has appeared in the past decade as top management has begun seeing the final objective of marketing as contributing to the favorable status of shareholder returns (Day and Fahey 1988). Top management has begun to realize that not only tangible assets, such as plant and equipment, raw materials, and finished products (whose values are enumerated on balance sheets), but also intangible market-based assets, such as brands and customers, channels, and partner relationships (whose values are not seen on balance sheets) all play a part in shareholder wealth. Moreover, Internet-based firms (for example Amazon, eBay, Google, and Facebook) are commonly present in the contemporary digital economy, and these firms generally do not hold tangible assets, as opposed to traditional firms. There are also quite a few subscription-driven firms (for example Verizon Wireless and Cable companies) in the contemporary digital economy. For these types of

firms, market-based assets, including relationships with customers, are essential for their survival. Customer loyalty leads to higher customer retention rate and to continuous business success even in situations where failure to satisfy customers would normally cause an early termination of business.

Therefore the restaurant operation must focus not only on attracting first-time customers but also on developing long term relationship with customers. Reichheld (1999) discussed the advantages of customer loyalty to the service provider, in terms of continuous profit, reducing marketing cost, increasing per-customer revenue growth; and increasing referrals. Loyal customers are less likely to switch away by a discount (Tepeci, 1999). Customer loyalty allows increased price premium (competitive advantage) because brand loyal customers perceive some unique service and value in the brand that no other alternative can provide. Heskett *et al.* (1994) showed that loyal customers not only provide increased profits but also cover the losses incurred in dealing with less loyal customers.

Customer loyalty is not always easy to construe and many definitions have been proposed. Let's first settle what customer loyalty is not (Prus & Randall, 1995): Customer loyalty is not customer satisfaction. Satisfaction is a necessary but not sufficient criterion. We know that "very satisfied" to "satisfied" customers sometimes switch to competitors.

Prus and Randall then describe customer loyalty as follows: "Customer loyalty is a composite of a number of qualities. It is driven by customer satisfaction, yet it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company. Finally, customer loyalty is reflected by a combination of attitudes (intention to buy again and/or buy additional products or services from the same company, willingness to recommend the company to others, commitment to the company demonstrated by a resistance to

switching to a competitor) and behaviors (repeat purchasing, purchasing more and different products or services from the same company, recommending the company to others)".

Having customer satisfaction would build customer loyalty which is not for every business. In this case, it is the only way of creating sustainable advantage and so the main objective of core marketing in all industries for building loyalty with key customers.

While building customers who are loyal to the business, there are strategies that can be considered that's to say focusing on key customers to create closer ties with the business, anticipating the need of the customers and also responding to them, creating a good perception for customers and generating high customer satisfaction with every interaction. Accordingly, Oliver (1997) defines loyalty as the behavioral response expressed over time. She also goes ahead to define it as a deeply held commitment to repurchase a preferred product or service in the future. Loyalty is a cumulative construct including both the act of consuming expected consumption in terms of recent loyalty framework (Oliver's, 1997, 1999). Loyalty is the combination of past frequent behavior and intention to repurchase (Nijssen et al., 2003). It is believed that satisfied customers might repeat and become loyal customers to the business (Guiltinan et al, 1997).

On the other hand, researchers like Sivadas and Baker-Prewitt (2000) argued that satisfaction can lead to recommendation of the organization and also repurchasing from it but cannot directly affect loyalty. Therefore, with this satisfaction will not lead to loyalty buy itself but can bring up situations that can trigger off desirable attitude like recommending and repeated purchasing thus relating to loyalty. Evans and Berman, (1997), believe that there is likelihood organizations with more than satisfied customers can experience more loyal customers who spend over a long times.

Therefore, for the business or organization to have customer loyalty with its customers, it must satisfy its customers in a good way and also create good perception of the organization to the customers. In this case once a customer is satisfied both physically and internally in most cases he or she usually becomes loyal to the business.

2.4 Strategies used by Pearl Restaurant to attract customers to the services they provide.

According to the cooperate extension of university of Wisconsin- Extension, there are mainly six ways to attract and keep customers these include,

- Offer quality products. Products of good quality are the most important reason cited by customers for buying directly from the providers. Successful marketers keep customer with repeat sales of quality products.
- Cultivate good people skills where by during employing people in the organization try to employ people with good skills in respective positions. Attitude is also a very important aspect for your business.
- Let your customers try out the samples. This is a very successful tool to draw new customers to your products. Allowing a customer take a sample might convince him or her that price of a product does not matter but the good taste of the item matters a lot.
- Know your customers. Tell them that you appreciate their business and should also know them by names. This is because many people value calling them by their names. A potential customer is likely to buy or purchase from someone who refers them by their names.
- Be willing to change. In this case, customers are usually looking for new products. Therefore change as per the needs of your customers in order to attract more customers to the business.

- Use attractive packaging. This may help make the sale for some products.

Customer loyalty, the main consequence of customer satisfaction, has been defined and measured in many various ways over the past decades. Oliver (1997) defines customer loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situation influences and marketing efforts having the potential to cause switching behaviors” (p. 392). According to the literature on loyalty, customer loyalty has several distinct dimensions. The two most important dimensions are the behavioral and attitudinal components (Day 1969; Jacoby and Kyner 1973; Yi 1991). Earlier research conceptualized customer loyalty as a behavior (Dick and Basu 1994; Jacoby and Chestnut 1978). Behavioral loyalty signifies actual repeat purchasing behavior, or the likelihood of repeat product/service purchases from the same supplier. Yet, recent research seems to measure loyalty attitudinally (including cognitive and/or affective components). Using this perspective, customer loyalty is perceived as future intention-to-repurchase or commitment that reflects the cognitive and emotional attachment associated with customer loyalty.

Academics find fault with the behavior-based loyalty measure, insofar as it can fail to distinguish between true and spurious loyalty. Dick and Basu (1994) assert that if behaviorally loyal customers with spurious loyalty locate a superior alternative, they will probably switch to the alternative. Day (1969) blames behavior loyalty by stating, “These spuriously loyal buyers lack any attachment to brand attributes, and they can be immediately captured by another brand that offers a better deal,” (p. 30) which means that actual repurchase behavior is not always due to a psychological and/or emotional commitment with respect to a product or service (i.e., true loyalty). Bowen and Chen (2001) state that an individual may reside at a hotel because it has the most convenient location. Nevertheless, an individual may also change to a new restaurant when

it is located across the street and provides better deals. As this example illustrates, repeat purchase behavior does not always indicate commitment; rather, it may signify a random actual repeat purchase, or spurious loyalty. Yet, this spurious loyalty can be disregarded when attitudinal loyalty is the construct of interest. Shankar and his colleagues (2003) also maintain that attitudinally loyal customers are not likely to change to an incrementally more attractive alternative, in that they have a certain degree of attachment or commitment to the product or service. Hence, attitudinal loyalty (or true loyalty) signifies both higher repurchase intention and refusal to consider counter-persuasion and negative expert opinion. More significantly, the attitudinal loyalty metric (for example the ACSI loyalty metric) has recently been adopted with respect to the relationship between customer loyalty and firm financial performance (Morgan and Rego 2006).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

Chapter three presents the methodology that was used by the researcher in conducting the study. Research methodology refers to the research decisions taken within the framework of specific determinants that are unique to the research study (De Beer, 1999). Chapter three covers the research design, study population, sampling procedures and sampling, data collection instruments, data collection methods, data processing and analysis procedures and techniques.

3.1 Research Design

Research design is a set of advance decisions that make up a master plan specifying the methods and procedures for collecting and analyzing the needed information.

Research design also refers to the overall strategy that you choose to integrate different components of the study in a coherent and logical way, thereby ensuring you will effectively address the research problem. It also constitutes a blue print for the collection, measurement and analysis of data (Research Methodology Knowledge Base 2006).

The study employed the descriptive research design. The study was descriptive because it described the social factors at Pearl Restaurant that influence the customer satisfaction. Mouton and Marais (1990), stated that the emphasis was on an in depth description of an individual, group, situation or organization while using the descriptive design, respondents were selected by means of randomized sampling methods (De Vos and Fouche 1998).

Descriptive is a research design that helps provide answers to questions of who, what, when, where and how associated with a particular research problem. A descriptive study can't conclusively ascertain answers of why. It's used to obtain information concerning the current status of the phenomena and to describe what exists with respect to the variables or conditions in a situation. Descriptive design is a study in which data is gathered once perhaps over a period of time that's to say days, weeks and months in order to answer a research question (Uma Sekaram 2003).

It was adopted so as to take a snap short of events as a clear description of information. Numbers, charts and tables will be used to show the information in a clear form or way. (Mugenda 1999)

Research design is of a crucial importance because it determines the success or failure of research. Thyer in De Vos and Fouche (1998) define a research design as a blue print or detailed plan of how a research study is to be conducted operationalizing variables so they can be measured, selecting a sample of interest to study, collecting data to be used as a basis for testing hypotheses and analyzing the results.

3.2 Research Population and Area

Study population is the total number of a defined class of people objectives, places or events selected. The research was interested in the operations of Pearl Restaurant in Kampala with specific emphasis on the organization's mode of operations in customer satisfaction and restaurant performance. People who were constituted of the sample were selected randomly from the employees with in the restaurant and customers. This depended on either their status or

positions within the Restaurant. The study used a sample of 10 people or respondents from the total population of 10 people or respondents within the restaurant.

3.3 Sample size and Sampling

Simple random sampling design was used in the study for the purposes of selecting the study sample which was selected from the customers and employees of Pearl Restaurant who help in the customer satisfaction and services. A population of 10 people whose minimum sample was 10 people was considered in the study. The sample size was also determined basing on the study by R.V.Krejcie and D.W.Morgan (1970) as shown below.

POPULATION	SAMPLE SIZE
10	10
15	14
20	19
25	24
30	28
35	32
40	36
45	40
50	44
55	48
60	52

Source: R.V.Krejcie and D.W.Morgan (1970)

3.4 Data collection methods

This study constituted or used interview, observation and document review methods. This was because the mentioned methods above were cheap, in the collection of data; they also provided a wide range of data and were also convenient (Rewell 2003). This was to be done through taking notes and interacting with the respondents (Bogdan and Biklen 2007, Pitney and Parker 2009).

3.5 Data collection instruments

Data collection instruments are devices used to collect data during research (Pitney and Parker 2009). Primary data was collected through the use of an interview guide so as to ensure confidentiality of the respondents. The interview guide contained structured questions relating to this study. The interview guide was self-administered for clarity purposes as it sought to find out respondents' opinions

Secondary data was obtained through literature review of previous research findings and existing literature. This was through documents review. Also naked eyes were used due to the use of observation to watch the activities that were taking place within the restaurant. Also interview guides that were used while interviewing the respondents were mainly informal.

In house documents, papers in workshops were also used to supplement data collected through key informants and interviews. Such documents could have information that would not have been received by the respondents.

3.6 Data collection procedures

This involved the pilot study which was conducted to attain evidence that poor customer retention could lead to collapse and failure of businesses. This was analyzed and conclusion arrived at. It also involved data source which involved the researcher to collect primary data

from respondents using the interviews and observation methods. Secondary data was also needed or used and the sources for secondary data included books, newspapers, unpublished reports, journals and text books. Editing and data coding was also one the procedures used.

3.7 Data analysis

Data collected from the field was carefully sorted and edited to eliminate the errors that were made during collection. Collected data was edited for incompleteness and inconsistency to ensure correctness of the information given by the restaurant. Pearson's correlation coefficient was used to establish the relationships between Restaurant business performance and customer satisfaction in Kampala. This involved the use of tables which were simple, percentages and graphs. After processing it, data was subjected to further analysis for easy understanding and interpretation. This enabled the researcher to ascertain the extent to which restaurants performance affects customer satisfaction.

3.8 Ethical consideration

In the process of data collection, the researcher had to bear in mind that there was need to handle the respondents with care and respect. There was need to ensure that the researcher's action did not offend the respondents. The researcher humbly asked for consent of the respondents before soliciting for information from them. It was important for the respondent to know the aims and goals of the researcher for carrying out the study.

3.9 Conclusion

In conclusion, since research methodology in the form of a research design, data collection methods measuring investments, sampling and data analysis has been discussed, the stage has

been set for the implementation of data collection and analysis process. The next chapter will therefore deal with the presentation and analysis of the results.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF FINDINGS

4.0 Introduction

This chapter presented findings from the data collected in reference to restaurant performance and customer satisfaction in relation to pearl restaurant. The current study findings were from the analysis of the interview guide. These study findings were obtained through interviewing process from ten participants as the primary source for data collection.

4.1 Research Findings and Analysis

4.1.1 Table 1: showing gender of the respondents

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	6	60.0	60.0	60.0
Female	4	40.0	40.0	100.0
Total	10	100.0	100.0	

Source: primary data (Researcher 2015)

In this case, there were ten respondents for the study, as the data in table 1 above shows out of 10 participants studies 6 of the respondents were male and 4 were female. This implies that there were more males as compared to the females workers in the restaurant studied. Therefore in percentages the male were having 60% and the female had 40%. This indicates that both males and females filled in the questionnaires without considering any gender.

4.1.2 Table 2: showing the education level of respondents education level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Certificate	1	10.0	10.0	10.0
Diploma	4	40.0	40.0	50.0
undergraduate	5	50.0	50.0	100.0
Degree				
Total	10	100.0	100.0	

Source: primary data (Researcher 2015)

Basing on the data from the respondents in table 2, all the respondents achieved some education qualifications at a certain level including certificate, diploma, degree and none of respondents had a master's degree. The data reveals that one out of 10 participants had a certificate, 4 out of 10 (40%) respondents have a diploma and half of the respondents (50%) have a master's degree. This indicates that most of the workers at Pearl Restaurant have achieved high academic level qualification. . This shows that Pearl Restaurant employees only people with certain skills and qualifications.

4.1.3 Table 3 showing the marital status of the respondents at Pearl restaurant

Marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	4	40.0	40.0	40.0
un married	6	60.0	60.0	100.0
Total	10	100.0	100.0	

Source: Primary data (Researcher 2015)

Basing on the data collected from the respondents, the study results shows 40% of the respondents are married and 60% are un married. This implies that Pearl Restaurant employee's workers who are married and those who are not married. This allows company to diversify workforce and thus creating employment opportunities to all people.

4.1.4 Table 4: showing religion of the employees at Pearl Restaurant

Religion

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Christian	7	70.0	70.0	70.0
Muslim	2	20.0	20.0	20.0
Others	1	10.0	10.0	100.0
Total	10	100.0	100.0	

Source: Primary data (Researcher 2015)

As the data shows in table 4, the findings revealed that all religions are employed at Pearl Restaurant. Based on the data collected it was found that seven of the respondents were Christians who make it to be 70% and two of them were Muslims who it to be 20% and only one was in the others where she didn't specify thus making a 10%. Based on the results Pearl employs all religions and doesn't discriminate workers regardless of person's religions.

4.1.5 Table 5: showing the Duration of the employees at Pearl Restaurant

Duration

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-5 years	8	80.0	80.0	80.0
6-10 years	2	20.0	20.0	100.0
Total	10	100.0	100.0	

Source: primary data (Researcher, 2015)

Basing on the data collected from the respondents, the findings in table 5 show that majority of the respondents have worked in the Pearl Restaurant for at least five years that is eight out of the ten (80%) respondents have worked at the restaurant for more than five years but less than ten years. This shows that most of the employees at the Pearl Restaurant are experienced. This implies that the more time an employee spends at a work place the more experience he or she becomes. This also increases on the performance of the employee because he or she knows what to be done and what to a right time. Such an employee also knows how to handle the restaurant customers which also increases on the number of customers who come to the restaurant to enjoy the services that are offered at the restaurant. Once an employee spends more time at a work like

those who have spent more than five years at Pearl Restaurant usually have more experience in the field thus increasing on the number of customers that are got at the restaurant

4.1.6 Table 6: customer service by Pearl Restaurant employees

customer Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	8	80.0	80.0	80.0
	very good	2	20.0	20.0	100.0
	Total	10	100.0	100.0	

Source: primary data (Researcher 2015)

Basing on the data collected from the respondents, most of the employees at Pearl Restaurant say that their customer service is good and their frequency is eight (80%). There were only two respondents who said that their customer service is very good. On average this implies that Pearl Restaurant provides good services that meets and satisfies their customers.

4.1.7 Table 7: table showing employee training at Pearl Restaurant

Employee training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	80.0	80.0	80.0
	No	1	10.0	10.0	90.0
	not sure	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

Source primary data (Researcher 2015)

Basing on the data collected from the respondent at Pearl Restaurant, the study results in table 7 \revealed that Pearl Restaurant provides employee training programs. Out of 10 respondents studied, 8 (80%) participants agreed that there is employee training at Pearl Restaurant. Only one respondent said that there is no employee training and the other was not sure making a total of ten respondents. On average, there is employee training at Pearl Restaurant. This will lead to the increase in the performance of Pearl Restaurant in form of increase in the profits of Pearl Restaurant through the training of the employees in the restaurant on how to handle the customers. Usually when a customer is handled in a proper way, they always come back to the restaurant for the same service or for other services provided by the restaurant.

4.2 Relationship between customer services and organization performance

From the field data, there are different services offered by Pearl Restaurant to customers and these services included Pay way services, entertainment, internet services, customer services and a variety of foods and beverages. The results showed that out of ten participants studied, half of the number agreed that Pearl Restaurant provides excellent customer service and foods of different types with the different kinds of beverages.

However, one participant went further and said that, the restaurant has a fully well stocked restaurant, good customer care, a variety of continental and exotic foods exotic according to her means that the foods are not from Africa but they are from countries which are outside Africa thus not meeting the tastes and preferences of African customers who are the majority but it is in the mandate of Pearl Restaurant, given its status to offer all foods which are local and international.

In general the respondents emphasized their satisfaction to customer service through the different services the restaurant provides to customers such as pay way services, internet

services, transport to their guests from the restaurant to the destinations of their customers, free entertainment and also aerobic services that's to say health food and physical services like as gym. In this case once these services are exercised to the customers, the customers may increase in number and this was presumed to increase on the performance of the restaurant in form of profits. From the participants, this service has helped Pearl Restaurant to be known to many people which has led to increase in the sales which eventually also increases on the profits that are got by the restaurant.

There was a general consensus among the participants that Pearl Restaurant is fully stocked restaurant with all equipment and their customer care is also excellent where a bigger fraction of the participants recognized importance of internet services, and provision of different kinds of drinks and foods, accommodation; and a place for venues which include weddings to success of their business.

Although majority of the participants concurred on issues like customer care, variety of foods and drinks, pay way services, internet services, accommodation, place for venues and many others. A limited number raised concern about instituting a 24 hour security surveillance system to keep tight security to the guest wing, offering of breakfast to customers and also an exquisite and moderately quiet environment for dinner. In this case such points were all important to the researcher to understand the relationship between customer service and organization performance as relates to the topic studied.

4.3 Strategies employed to attract new and retain loyal consumers at Pearl Restaurant

There are quite different strategies used by Pearl Restaurant to attract customers and these strategies include such things as decorating and culture of the restaurant, staff attending to the customers in time and also attractive and effective discounts given to customers on some products, items and services like the gardens, handling customers with a lot of care, use of modern and improved equipment, advertising, on-time delivery of orders through the staff that's to say (waiters and waitresses), ensuring cleanliness, good client relationship and interactions, also ensuring customers feel at home when they are at Pearl Restaurant.

In the same line, having in place arrangements for online ordering of the customers and thus making the services more convenient to customers through online bookings, there are also interludes of entertainment for customers at the restaurant and training of employees on how to handle customers. This has led to attraction of more customers to the restaurant since the employees are have had trainings and acquired skills in handling customers which eventually increases on the performance in terms of profit as a result of big turn of customers.

With exceptional of a few differing perspective, majority of study participants emphasized the importance of online ordering program whereby customers can book or make reservations online even when they are not at the restaurant; it was also noted the importance of maintaining good client/customer relationship and also having the restaurant clean at all the time.

All in all majority of the participants agreed that advertising, offering of discounts to the customers, handling customers with a lot of care, environment culture and decoration of the restaurant are the most strategies being used by pearl restaurant to attract customers with particular emphasis put on handling customers with care as being key.

Other strategies employed to attract new and retain loyal consumers at the restaurant include excellent equipment used and prompt attendance to the customers by staff as being phenomena.

This implies that Pearl Restaurants focus on attraction and retention of loyal customers' workplace based atmosphere to ensure that customers feel at home while seeking services at the restaurant. This is achieved through an all-time cleanliness of the restaurant premises, good customer service, relationship and interactions and entertainment with classic music.

4.4 Ways through which Customer Satisfaction Service is Measured and Sustained

According to the data, there has been concurrence mostly about 3 aspects by most of the participants which have helped Pearl Restaurant to measure and sustain customer satisfaction services. That's to say, tipping of the staff (waiters and waitresses) by the customers because of the customer care they have been showed, another indicator that follows is the fact that customers also keep coming back to the restaurant for the same services or even other services that are offered at the restaurant and with several recommendations for other people to come to Pearl Restaurant. Commonly mentioned measure of satisfaction has been verbal customer appreciation and most of the participants asserted.

To majority of the study participant, the fact that some customers inquire and ask for the more services that are offered at Pearl Restaurant it is a direct indicator that the customers are satisfied however, there was a concern and a service gap that some of the services asked for are not at their hands at the moment. A limited number of participants measured customer satisfaction from their own perception towards the services provided; that they provide excellent customer care to their customers also implies that they are satisfied relating it on the rate of tipping provided to the staff members by the customers.

The rate of loyal customers coming back to the restaurant for the services, the spirit of customer appreciation, the customer care and inquiries made by the customers about other services are

some of the different ways through which customers satisfaction with services is measured and sustained at Pearl Restaurant.

4.5 Ways in which customer complaints are handled at Pearl Restaurant

Based on the data collected from the respondents, there are different ways in which customer complaints are handled. Some of the strategies employed include, addressing customer complaints in the staff meetings and get solutions for the complaints, sometimes immediate action is taken where no consultation is needed, cooling the customer down by talking to person in a calm way such that he or she can understand. The respondents also noted the importance of having a clear understanding of each other and remain focused the common goal.

Furthermore, other respondents had some issues that were different for instance, if the complaint is about bad food the customer is given another plate of food that is good, if its hard “we also say sorry to the customer, listening to the customer thus having a dialogue between the customer and the staff that’s to say waiter or waitress who is interacting with the customer at that time and if it fails then its forwarded to the respective office” said one of the respondents.

In addition to that another respondent says that without customers their business does not exist so they ensure that they always find a solution to solve their clients’ complaints and this was the only respondent who was unique or different from all the other respondents who were interviewed. Customer complaints should be handled in an effective way and this is what majority of the respondents said.

A few of the respondents said that customer complaints are address in the staff meeting; Since the staff meeting are held every weekend this helps Pearl restaurant staff member to handle

customer clients in a fair way and effective manner. However, if the case or the complaint is complicated also it is forwarded and handed to the respective office that handles the complaints.

4.6 Any social media created to interact with Pearl Restaurant customers

Basing on the data collected from the participants, eight out of the ten respondents of them said that the restaurant has Social Medias where they contact or interact with some of their customers on a daily basis more so those that are connected to such social media platforms. The Social Media the restaurant website, face book page, twitter handle and also a whatsapp group where they interact with their customers. It has been explained further that there are instances where the restaurant staff also talk to the customers on personal basis. Majority of the study participants agreed that Pearl Restaurant has Social Media where they interact with their customers on a daily basis and they say that this has helped them increase on the customer base for the restaurant. However, just a very limited number did not provide respond to this based on the fact that did not have informed knowledge about social media platforms.

4.7 Promotions used to attract more customers or promote customer loyalty

From the data collected by the researcher, study participants point at the various promotions that they use in attracting more customers to Pearl Restaurant where such promotions include offering discounts to the customers on some of the services that the restaurant provides, free internet services, having a signature dish on a daily basis at a subsidized price compared to the other dishes offered that day and also having personal contact with the customers where by the customers are randomly and continuously approached by designated staff at the restaurant purposely to get their experiences and perspectives about the restaurant services. To this matter, majority of the study participants agreed that offering discounts and also free internet services to

the customers are the major promotional activities and incentives that they use to attract more customers to Pearl Restaurant.

In addition to that, a limited number of study participants had it that having a signature dish daily and at a subsidized price regarded it as a promotional incentive. However, some staff who participated in the survey were not clear about the restaurant's strategies thus gave limited explanations about this aspect.

Advertising is also one of the promotions that are used to attract more customers to Pearl Restaurant as business cards and fliers with information concerning the services are made available at the different points where clients access services and they are freely taken for clients' use and reference. This information, according to staff is periodically edited and printed to suite the customer current and general market demands.

4.8 Categories of customers served at Pearl Restaurant

Basing on the data collected from the respondents, Pearl restaurant provides services to different categories of customers including foreigners, local customers, and cooperate customers as the main category served. Majority of the customers served are from Uganda but majority of the respondents agreed that the restaurant serves foreigners, local customers and cooperate customers. One of the respondents noted that other customers they serve are Asians who come to Uganda because of the exotic foods and dishes prepared and served at Pearl restaurant. The other respondent said that they also serve walk in customers meaning that customers who just walk in the restaurant and would want to eat a meal or something. And he also said that they are the majority, though even tourists are other customers they do serve.

4.9 Challenges faced in the process of satisfying customers at Pearl Restaurant

Basing on the interaction with the data in the field, despite the service levels and availability of staff and other structures, there are quite a number of challenges faced while satisfying their customers. From the findings the main challenges faced by employees include, language barrier and time management. Another challenge is lack of foreign currencies to meet the transaction needs of international customers whereby foreigners/customers from international countries bring foreign currency in absence of forex bureau with at the restaurant. Relatively, a fear number of study participants shared their experiences with customers having foreign currencies to be used to pay their bills yet at the restaurant there is no forex bureau to get local currencies mainly used in Uganda.

It has been also echoed out that some customers who don't want to pay their bills in time thus creating losses to the restaurant as some intentional leave the restaurant with unsettled bills behind. This has been attributed to the personal character of customers as some of them are hard to relate with, are harsh and also have a bad attitude. Some customers come in and do not take the initiative to find out the prices of services thus end of utilizing the services and consequently end up not paying the exact amount. In relation to this, quite a number of customers come when they don't know what they want (taste and preference) to have at the restaurant thus staff take time explaining and helping them make right choices where some food and eats consequently are wasted, though not quite often does this occur. In instances where staff at restaurant fail to match their tests and preference as well as handling them in course of deciding for them it may lead to also a poor image thus employees have to be more careful and find solutions to such customers such that the image of the restaurant is not turned down by such customers.

Conclusively on this aspect, majority of the respondents cited language barrier, poor time management and delayed bill payment as the major challenges faced at Pearl Restaurant. Language barriers was argued to be a result of serving customers of all categories and some have limited knowledge and fluency in the common languages used at the restaurant that's to say English and some other local languages that maybe known by some staff members at the restaurant.

“we know it that the restaurant is mandated to serve all kinds of customers who come or who make reservations or bookings at Pearl Restaurant but still we find ourselves in situations when we can't practically communicate with some of the customers that come to enjoy our services.., it is a challenge” said one of the participant.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION, RECOMMENDATIONS AND AREAS OF FURTHER STUDY

5.0 Introduction

Chapter five presents a summary of the main findings of the study, conclusion and recommendations and areas that call for further research.

5.1 Summary of findings

5.1.1 Findings about customer care services offered by Pearl Restaurant

The study found out that and appreciated the presence of customer satisfaction policy that guides and caters for customers such that services and activities are directed to meeting the customers' expectations, needs and satisfaction. From the findings, majority of the customer satisfaction services at the restaurant are good though in particular a slightly bigger percentage rated customer attention fair and more is needed to be addressed in this service area. The management commended for its management style as generally good in supervision of customer satisfaction services though a higher percentage rated efficiency as fair.

Customer satisfaction is generally good at Pearl Restaurant and it has come about because of good management style and efforts at Pearl Restaurant. Therefore even though customer satisfaction is good more efforts are needed to improve it more since some of the study participants rated it as just fair. Given the different levels of customers satisfaction, the desirable level is to have customers who are fully satisfied since if a customer is satisfied, it leads to having customer loyalty (Bansal 2001) and this comes from the services and quality aspects of these services that the restaurant that provides to them.

5.1.2 Findings about the strategies employed to attract new and retain royal consumers at Pearl Restaurant

The research results revealed the many strategies that are employed by Pearl Restaurant to retain royal customers. Such strategies include; decorative pleasing environment and culture of the restaurant, timely and effective attending to the customers by staff including on-time delivery of orders through the staff that's to say (waiters and waitresses), good client relationship and interactions, handling customers with a lot of care and ensuring customers feel at home when they are at pearl Restaurant including some activities for entertaining of customers.

There are also discounts given to customers on some things like the gardens, use of great and improved equipment, advertising, ensuring cleanliness, also coming up with an online ordering of the customers and thus making the services more convenient to customers through online bookings, and training of employees on how to handle customers. All the above strategies have helped Pearl Restaurant to retain royal customers and also attract more customers as more customers have been attracted to the restaurant for the different services that are offered thus increasing on the performance of the restaurant in terms of profit increase due to the many sales that are made from the increasing number of customers.

Coldwell (2001) developed the Growth Strategies International (GSI) which is used to analyze customer satisfaction data in a statistical way. This has more than 20000 customer survey findings that are conducted in 40 countries by info quest. Within these findings, customers who are fully satisfied bring 2.6 times as much income to an organization and Aaker (1995), concurs with the above when argued that the strategic determinants for a business to be successful should include providing quality products to its customers, becoming more competitive, employee

performance and also other activities that can make the organization at a better advantage compared to her competitors.

5.1.3 Findings about the ways through which Customer Satisfaction Service is measured and sustained

Research revealed that there were mainly three ways through which customer satisfaction is measured at Pearl Restaurant and these ways include the tipping of the staff (waiters and waitresses) by the customers due to the care they have been provided, coming back of the customers to the restaurant for the same services or even other services that are offered and some recommend other people to come to Pearl Restaurant and finally customer verbal appreciation through thanking the staff for the services that we have offered to them.

When customers come back to the restaurant to be served and also when they tip the waiters and waitresses, to the staff, this means that they are satisfied. So the staff which includes the waiters and waitresses should continue serving the customers well as attempts have been even made before to serve them with an aiming of meeting their satisfaction. This also calls for improvement and adoption of friendly and appealing tactics to satisfy their customers more and this is likely to increase the number of restaurant customers compared to those they have apparently.

5.1.4. Findings on the services that are provided by Pearl Restaurant to customers in Kampala.

From the research findings, the data revealed that there are quite a wide range of services that are provided by Pearl Restaurant to their customers and these services include: a fully well stocked restaurant with a variety of foods which are continental and exotic of which exotic means that the foods are not from Africa but they are from countries which are outside Africa and beverages

with good customer care, Pay way services, entertainment, internet services, and customer services.

However, due to service demands and the unmet needs of customers, Pearl Restaurant should potential alternative services on top of the one currently provided since they are demanded for by customers for instance a forex bureau more so to meet service needs of customers with international currencies to reduce the inconvenience and hustle of looking for such a service elsewhere from other places. If it put in consideration, it is seen to have potentials of increasing on the number of foreign customers that are attracted by the restaurant.

5.2 CONCLUSION

As the purpose of this study was to find out the relationship between customer satisfaction and performance at Pearl Restaurant in Kampala, the research findings revealed that Pearl Restaurant provides considerably good customer satisfaction. This rating of customer service is based on the fact that employees have ever received trainings in areas of customer handling, after sales services and the appropriate way customer complaint are handled. The Restaurant also makes effort in seeking customer opinions as well creating avenues to receive customer's complaints, providing transport services and replacement Guarantee.

Employee motivation has also played a tremendous contribution towards increased number of customers at Pearl Restaurant. Although some study results showed that employees need to be provided with more trainings and motivation to increase on their customer care services delivery.

Performance of customer service expectations by providing excellent services such as security and parking space, front desk service have continuously been appreciated by the restaurant customers. However services such as restaurant guides should be improved, and the absence of a

well defined avenues of customers' complaints handling which at times make customers feel cheated as some of the services they would wish to have are not available.

A significant relationship between customer satisfaction and restaurant performance has been clearly provided where the two variables are directly proportional; the higher the restaurant performance the higher the customer satisfaction and poor performance leads to high level of customer dissatisfaction. This is a pointer to other issues beyond satisfying customers since this is not enough and highlights the work innovatively towards customers satisfaction whereby customers who are fully satisfied lead to having customer loyalty (Bansal 2001) and this comes from the activities that the restaurant provides to them.

In a number of write ups and platforms, different researchers have discussed the effect of customer satisfaction; most of them concluded that satisfied customers are likely to share their positive experience with 5 to 6 individuals while those that are not satisfied are likely to share with 10 individuals about their bad experience with the organization (Zairi 2000). On the other hand, Sivadas and Baker-Prewitt (2000) differ from the previous notion as they argued that satisfaction can lead to recommendation of the organization and also repurchasing from it but cannot directly affect loyalty. From my impression I argue that satisfaction will not lead to loyalty by itself but can bring up situations that can trigger off desirable attitude like recommending and repeated purchasing thus relating to loyalty. Therefore, it is deemed important for Pearl Restaurant should increase on range of activities and customer services to attract more customers and also to have more loyal customers.

5.3 RECOMMENDATIONS

From the above findings and conclusion, the followings measures are recommended in response to customer satisfaction and services at Pearl Restaurant.

It is seen feasible and of paramount benefit to put in place well streamlined customer guides to the entire restaurant since the ones in place are fewer and only give directions to the dining and their resting rooms. In the same rhythm, the restaurant should create a customer complaint desk where customers can register their complaints with a systematic procedure to handle customer complaints.

Employee motivation is yet another concern as it requires improvement by Pearl Restaurant administrators to avoid cases of neglect and little attention provided by some employees to some of the customers at the restaurant. Management should consult the customers while designing customer satisfaction service policies so that a wide number of customer complaints and areas of interests are considered. This can be effective if strict and transparent guidelines are set and followed while dealing with customer complaints so as to eliminate negative feedbacks from customers.

Creativity should be encouraged so that a wider experience of employees is put to use in designing the policies concerned with customer satisfaction; once the policies are made, there should be set timelines for policy reviews to catch up with ever changing customer demands.

Making follow ups on the services offered like market research; conducting quick customer surveys as a means of getting direct feedback and understanding of the customer needs if taken can help to overcome some of the negative issues and provide a sense of restaurant business direction thus increase customer satisfaction.

Therefore top management and customer care department of Pearl Restaurant should be able to identify primary objectives of its customers so that they can best satisfy them to increase on the number of customers and thus increase on the performance of the restaurant in terms of profits. Recent research shows that increased levels of customer satisfaction are associated to superior performance (Robinson, Fornell and Sullivan, 1992). Therefore, Pearl Restaurant should increase on the rate at which it satisfies its customers such that the performance can increase through the number of customers that the restaurant receives.

5.4. Areas of Further Research

This research has identified areas where comprehensive research can be done that can also indicate and provide evidence which can be based on to run business and work towards meeting the service and comfort needs of the customers. Further research should be carried out on employee performance and customer satisfaction to provide evidence on how it impacts the levels of satisfaction among customers.

A comparative research should be carried across a wide number of restaurants to document customer satisfaction, how it varies and reasons for its variation as this research only centered at one Pearl Restaurant.

APPENDIX

Semi structured Questionnaire

Dear respondent, I am **Nampagi Derrick** a student at Uganda Martyrs University Nkozi pursuing a Bachelor's degree in Business Administration. As a requirement for my course, I am carrying out research on customer satisfaction and Restaurant Business in Kampala; A Case Study of Pearl Restaurant. You are kindly requested to spare a few minutes and fill this questionnaire. You have been randomly selected to participate in this study and please feel free to provide all the necessary responses as you can as the information you are providing will be extremely useful in enabling me complete my studies. This research is purely academic and any information provided will be treated with utmost confidentiality. Thank you for your cooperation.

PART A: Background information. (For Employees) Please tick where applicable.

1. What is your gender?

i. Male

ii. Female

2. Which age bracket do you belong?

i. 20 – 29

ii. 30 – 39

iii. 40 – 49

iv. 50 and

above

3. Which is your highest level of education?

i. Certificate

ii. Diploma

iii. Degree

iv. Masters

v. Others specify

4. What is your marital status?

i. Married

ii. Not married

5. What is your religion?

i. Christian

ii. Muslim

iii. Others (specify).....

6. For how long have you worked with Pearl Restaurant?

i. 0-5 years

ii. 6-10 years

iii. 11 years and above

7. Which of the following categories of employees do you belong?

i. Top management

ii. Middle level managers

iii. Operational staff

B. Customer satisfaction (Strategies and Activities in place)

8. List the customer services offered by Pearl Restaurant to attain customer satisfaction

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9. Are there strategies in Pearl Restaurant aimed at giving customers more satisfaction?

i. Yes

ii. No

iii. Not sure

10. If yes, what are the strategies used by Pearl Restaurant to increase customer satisfaction?

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11. How do you rate customer satisfaction of Pearl Restaurant?

i. Very poor

ii. Poor

iii. Good

iv. Very good

v. Not sure

12. Briefly provide some explanation to your answer in (11.) above.

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13. What do you think needs to be done to improve the effectiveness of the restaurant's customer satisfaction?

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14. Has the restaurant put emphasis on training employees on the importance of customer satisfaction?

i. Yes

ii. No

iii. Not sure

15. Do you think that your customers are satisfied with the services you offer to them? (Precisely explain to what level and why)

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THANK YOU FOR INTERACTING WITH ME MAY GOD BLESS YOU.

APPENDIX 2

INTERVIEW GUIDE (FOR SENIOR STAFF AND RESTAURANT ADMINISTRATORS)

Dear respondent, I am **Nampagi Derrick** a student at Uganda Martyrs University Nkozi pursuing a Bachelor’s degree in Business Administration. As a requirement for my course, I am carrying out research on customer satisfaction and Restaurant Business in Kampala; A Case Study of Pearl Restaurant. You are kindly requested to spare a few minutes and fill this interview guide. You have been randomly selected to participate in this study and please feel free to provide all the necessary responses as you can as the information you are providing will be extremely useful in enabling me complete my studies. This research is purely academic and any information provided will be treated with utmost confidentiality. Thank you for your cooperation.

1) What kind of services do you offer to your customers?

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2) What kind of strategies do you use to attract customers at Pearl Restaurant?

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3) In what ways do you think the restaurant customers are satisfied (Give some examples that show satisfaction and also that show dissatisfaction)?

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4) How do you handle your customer complaints?

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5) How do you ensure that your services satisfy your customers (Briefly explain how they relate with customers and why they relate with them in that way)?

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6) Are there any social Medias that were created by the restaurant in order to interact with your customers? If yes how are they handled or attended to?

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7) Do you have any promotions used to attract more customers or promote customer loyalty (List the promotional activities, bonuses and explain whether they have improved customer satisfaction)?

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8) What can you comment about the profit levels of this restaurant for the last 2 years? (Provide figures of profits per month made for the last 2 years, if there are variations what causes those variations in profits)

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9) What categories of customers do you serve at Pearl Restaurant?

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10) What challenges have you faced in the process of satisfying your customers at Pearl Restaurant over the past years?

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11) What strategies do you use to identify customer problems or complaints?

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12) How you rate your capacity and practices in meeting the customer care demands? (Give some examples and why he/she rates the restaurant at that level)

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13) What strategies do you use to address and overcome challenges facing Pearl Restaurant?

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THANK YOU FOR INTERACTING WITH ME MAY GOD BLESS YOU.

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