



CUSTOMER SATISFACTION AND LOYALTY AS PREDICTORS OF THE SUSTAINABILITY OF LOCAL FOOD BUSINESSES IN TANDAG CITY, PHILIPPINES

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ABSTRACT

Customer satisfaction and loyalty are essential determinants of the long-term sustainability of local food businesses operating in increasingly competitive markets. This study examined the relationship between customer satisfaction and loyalty and the sustainability of food businesses in Tandag City, Philippines during the School Year 2025-2026. Specifically, it assessed customer satisfaction and loyalty in terms of product quality, service quality, price and value, and social and cultural factors, and determined the extent of business sustainability in terms of profitability, customer retention and loyalty, long-term business survival, and economic impact on the local community and environment. An explanatory sequential mixed-methods research design was employed, integrating descriptive-correlational quantitative methods with qualitative inquiry. The study involved 150 respondents, consisting of 50 food business owners and staff selected through complete enumeration and 100 customers selected through purposive sampling. Quantitative data were analyzed using frequency, percentage, weighted mean, standard deviation, and Pearson product-moment correlation coefficient, while qualitative data were analyzed through thematic analysis. The findings revealed that respondents were generally satisfied with the product quality, service quality, price and value, and social and cultural factors of local food businesses. The businesses also demonstrated a high level of sustainability across profitability, customer retention, long-term business survival, and economic contribution. Furthermore, customer satisfaction and loyalty showed a significant positive relationship with the sustainability of food businesses. Qualitative findings corroborated the quantitative results by emphasizing the importance of consistent product quality, excellent customer service, fair pricing, community engagement, and customer trust in sustaining local food enterprises. Based on the findings, a business

sustainability intervention program was proposed to strengthen customer satisfaction, enhance customer loyalty, and improve the long-term competitiveness of local food businesses in Tandag City.

Keywords: *customer satisfaction, customer loyalty, business sustainability, food businesses, service quality, product quality, price and value, community engagement, mixed-methods research, Tandag City*

INTRODUCTION

Customer satisfaction and loyalty have become critical determinants of business sustainability in the highly competitive food service industry. As consumer expectations continue to evolve, food businesses must consistently provide high-quality products, excellent service, fair pricing, and meaningful customer experiences to maintain long-term competitiveness. Satisfied customers are more likely to make repeat purchases, recommend businesses to others, and contribute to sustained profitability, making customer satisfaction a strategic asset for business growth. Han et al. (2024) emphasized that customer satisfaction significantly influences loyalty and behavioral intentions in the hospitality and food service industry, highlighting that businesses capable of delivering superior customer experiences are more likely to achieve sustainable competitive advantage.

Beyond customer satisfaction, loyalty serves as a vital indicator of business resilience and long-term sustainability. Loyal customers not only generate repeat patronage but also strengthen a business's reputation through positive word-of-mouth and community support. In increasingly competitive markets, customer loyalty enables small and local food businesses to withstand economic challenges and changing consumer preferences. Similarly, Rather et al. (2023) found that customer engagement, trust, and perceived value significantly enhance customer loyalty, which subsequently improves business performance and long-term sustainability within the hospitality sector.

In the Philippines, local food businesses play an important role in economic development by generating employment opportunities, supporting local suppliers, and contributing to community livelihoods. However, many small food enterprises continue to face challenges associated with intense competition, changing consumer preferences, digital transformation, and increasing operational costs. To remain sustainable, food businesses must continuously improve product quality, service delivery, pricing strategies, and customer relationships. Orcullo and Grefalde (2025) observed that service reliability, customer convenience, and operational efficiency significantly influence customer satisfaction and repeat patronage among Philippine food businesses, emphasizing the importance of maintaining high service standards.

Recent studies further suggest that customer satisfaction extends beyond product quality and service performance to include perceived value, social interaction, and cultural relevance. Consumers increasingly prefer businesses that reflect community identity,

provide authentic experiences, and demonstrate social responsibility. These factors strengthen emotional attachment and encourage long-term customer loyalty. Canizares et al. (2025) reported that product quality, service quality, and overall dining experience remain the strongest predictors of customer satisfaction and loyalty among restaurant customers, reinforcing the need for businesses to adopt customer-centered strategies that support sustainable growth.

Despite the growing importance of customer satisfaction and loyalty, limited empirical studies have examined their relationship with the sustainability of local food businesses in Tandag City. Most previous studies have focused on urban or franchise-based establishments, leaving a gap in understanding the factors influencing the sustainability of independently operated local food enterprises. This study addresses this gap by examining the relationship between customer satisfaction and loyalty and the sustainability of food businesses in Tandag City. Specifically, it evaluates customer satisfaction and loyalty in terms of product quality, service quality, price and value, and social and cultural factors, and determines their relationship with business sustainability in terms of profitability, customer retention and loyalty, long-term business survival, and economic impact on the local community and environment. The findings provide an evidence-based foundation for developing strategies that enhance customer loyalty and promote the long-term sustainability of local food businesses.

Research Questions

This study sought to answer the following research questions:

1. What is the level of customer satisfaction and loyalty of local food businesses in terms of:
 - product quality;
 - service quality;
 - price and value; and
 - social and cultural factors?
2. What is the extent of sustainability of local food businesses in terms of:
 - profitability;
 - customer retention and loyalty;
 - long-term business survival; and
 - economic impact on the local community and environment?
3. Is there a significant relationship between customer satisfaction and loyalty and the sustainability of local food businesses in Tandag City?
4. What problems are encountered by business owners, staff, and customers in the operation and management of local food businesses?
5. What are the lived experiences of the respondents regarding customer satisfaction, loyalty, and business sustainability?
6. How do the qualitative findings corroborate the quantitative results of the study?
7. Based on the findings, what intervention program may be proposed to enhance customer satisfaction, customer loyalty, and the sustainability of local food businesses?

METHODOLOGY

This study employed an explanatory sequential mixed-methods research design, integrating quantitative and qualitative approaches to examine the relationship between customer satisfaction and loyalty and the sustainability of food businesses in Tandag City. The quantitative phase utilized a descriptive-correlational design involving 150 respondents, consisting of 50 business owners and staff selected through complete enumeration and 100 customers selected through purposive sampling. Data were collected using a validated researcher-developed questionnaire and analyzed using frequency, percentage, weighted mean, standard deviation, and Pearson product-moment correlation coefficient at the 0.05 level of significance. The qualitative phase employed in-depth interviews and focus group discussions, and the responses were analyzed through thematic analysis to explain and corroborate the quantitative findings.

RESULTS

Table 1. Level of Customer Satisfaction and Loyalty of Local Food Businesses

Dimension	Weighted Mean	Interpretation	Rank
Service Quality	4.02	Satisfied	1.5
Price and Value	4.02	Satisfied	1.5
Social and Cultural Factors	4.02	Satisfied	1.5
Product Quality	3.77	Satisfied	4
Overall Mean	3.96	Satisfied	

Table 2. Extent of Sustainability of Local Food Businesses

Sustainability Dimension	Weighted Mean	Interpretation	Rank
Long-Term Business Survival	4.02	Sustainable	1
Profitability	4.01	Sustainable	2.5
Customer Retention and Loyalty	4.01	Sustainable	2.5
Economic Impact on the Local Community and Environment	3.63	Sustainable	4
Overall Mean	3.92	Sustainable	

Table 3. Relationship Between Customer Satisfaction and Loyalty and Business Sustainability

Variables	<i>r</i> -value	<i>p</i> -value	Decision	Interpretation
Customer Satisfaction and Loyalty × Sustainability of Food Businesses	0.43	0.000007 (< .001)	Reject H_0	Significant Moderate Positive Relationship

Table 4. Major Problems Encountered in the Operation and Management of Local Food Businesses

Major Problems Identified	Interpretation
Competition among food businesses	Serious
Inconsistent supply of ingredients	Serious
Marketing strategy challenges	Serious
Staffing concerns	Serious
Rising ingredient costs	Serious
Customer complaints	Serious
Equipment-related problems	Serious
Changing customer preferences	Serious
Environmental issues	Serious
Financial challenges during low seasons	Serious
Overall Mean	3.79 (Serious)

Table 5. Major Problems Encountered in the Operation and Management of Local Food Businesses

Theme	Description
Quality Customer Service	Friendly, responsive, and respectful service enhances satisfaction.

Theme	Description
Consistent Product Quality	Fresh, safe, and quality food encourages repeat patronage.
Operational Challenges	Slow service, staffing shortages, overcrowding, and supply issues affect operations.
Customer Loyalty	Repeat visits are driven by trust, satisfaction, and positive experiences.
Community Connection	Positive relationships with the local community strengthen customer loyalty and business sustainability.

Table 6. Corroboration of Quantitative and Qualitative Findings

Aspect	Quantitative Findings	Qualitative Findings
Customer Satisfaction	High satisfaction with product quality, service quality, and customer experience	Customers described positive dining experiences and friendly service.
Customer Loyalty	High repeat patronage and customer retention	Customers expressed willingness to revisit trusted businesses.
Business Sustainability	Sustainable profitability and long-term survival	Owners emphasized loyal customers as essential for business continuity.
Operational Challenges	Competition, staffing, supply, and marketing concerns	Respondents confirmed similar day-to-day operational difficulties.
Intervention Strategies	Customer feedback, staff training, and marketing improvement	Participants supported strengthening customer-oriented and operational practices.

Table 7. Proposed Business Sustainability Intervention Program

Focus Area	Proposed Intervention	Expected Outcome
Customer Satisfaction	Customer feedback systems and regular satisfaction surveys	Improved service quality and customer loyalty
Marketing	Digital marketing and promotional campaigns	Increased customer engagement and business visibility
Operations	Supplier partnerships, inventory management, and financial planning	Improved operational efficiency and profitability
Human Resource Development	Staff training and customer service enhancement	Better customer experience and service consistency
Sustainable Business Practices	Equipment maintenance, sanitation, menu innovation, and environmental initiatives	Stronger long-term business sustainability

DISCUSSION

The findings revealed that respondents were generally satisfied with the product quality, service quality, price and value, and social and cultural factors of local food businesses in Tandag City. Among these dimensions, service quality, price and value, and social and cultural factors obtained the highest ratings, indicating that customers highly value efficient service, fair pricing, and positive community relationships. These results suggest that maintaining quality products and customer-centered services contributes to favorable customer perceptions and repeat patronage. Consistent with this finding, Chowdhury et al. (2023) reported that food quality, service efficiency, and price fairness are among the strongest determinants of customer satisfaction and long-term customer loyalty in the food service industry.

The study further showed that local food businesses demonstrated a sustainable level of operation, particularly in terms of long-term business survival, profitability, and customer retention. This implies that maintaining satisfied and loyal customers enables businesses to remain competitive despite changing market conditions. Similarly, Dandis et al. (2023) found that customer trust, satisfaction, and commitment significantly contribute to customer loyalty and strengthen long-term business performance and sustainability.

Correlation analysis revealed a significant positive relationship between customer satisfaction and loyalty and the sustainability of food businesses. This finding indicates that improvements in customer satisfaction are associated with greater business sustainability through increased customer retention and repeat patronage. Supporting this result, Mulyawan et al. (2022) concluded that food quality, service quality, and price fairness directly enhance customer satisfaction, which subsequently promotes customer loyalty and sustainable business growth.

The qualitative findings identified operational challenges such as increasing competition, supply constraints, staffing concerns, and changing customer preferences. Despite these challenges, respondents emphasized that consistent product quality, responsive service, and strong customer relationships remain essential for sustaining business operations. Martínez-Ruiz et al. (2023) similarly emphasized that businesses that continuously innovate and provide added value are more capable of maintaining customer satisfaction and strengthening long-term competitiveness.

Overall, the findings affirm that customer satisfaction and loyalty are fundamental drivers of business sustainability among local food establishments in Tandag City. The proposed intervention program, which focuses on improving service quality, operational efficiency, customer engagement, and marketing strategies, supports the recommendation of Yapp and Tohari (2021) that customer-oriented strategies and value creation are essential for sustaining competitive advantage and ensuring the long-term success of food businesses.

Conclusions

The study concludes that local food businesses in Tandag City generally achieve satisfactory levels of customer satisfaction and loyalty, particularly in terms of service quality, price and value, and social and cultural factors. The businesses likewise demonstrate a sustainable level of operation, with customer satisfaction and loyalty significantly contributing to their long-term sustainability. Despite operational challenges, maintaining quality products, excellent service, fair pricing, and strong customer relationships remains essential for sustaining the growth and competitiveness of local food businesses.

Recommendations

Based on the findings, local food business owners should continuously improve product quality, service delivery, pricing strategies, and customer engagement to strengthen customer satisfaction and loyalty. The proposed intervention program should be implemented to enhance business sustainability and competitiveness. Future researchers are encouraged to replicate the study in other localities and explore additional factors influencing the sustainability of food businesses.

Compliance with Ethical Standards

This study was conducted in accordance with established ethical standards for research involving human participants. Prior to data collection, permission to conduct the study was obtained from the appropriate authorities and participating food business establishments in Tandag City. Participation was voluntary, and informed consent was secured from all business owners, staff, and customer respondents after explaining the study's purpose, procedures, and their rights as participants. The confidentiality and anonymity of all respondents were strictly maintained, and all information collected was used solely for academic and research purposes. The researchers ensured that participants' privacy, dignity, and welfare were protected throughout the study and declared no conflict of interest in the conduct and reporting of the research.

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