

**THE NEXUS BETWEEN CUSTOMER RELATIONSHIP MANAGEMENT STRATEGY  
AND CUSTOMER LOYALTY IN THE STAR RATED HOTELS IN KENYA**

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**A Thesis Submitted to the School of Business & Economics in Partial Fulfillment of the  
Requirements for the Conferment of the Degree of Master of Business Administration of  
the Kenya Methodist University.**

**SEPTEMBER, 2021**

## **DECLARATION AND RECOMMENDATION**

### **Declaration**

I declare that this thesis is my original work and has not been presented in any other university for award of any other degree.

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## **DEDICATION**

I dedicate this thesis to my husband Charles Were and children Pascal Ochieng and Ryan Odhiambo.

## **ACKNOWLEDGEMENT**

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## ABSTRACT

Customer relationship management strategies are very essential strategies in current business environment. It is applied in managing the organizations' associations with its current and target clients. It concentrates on ways of maintaining customer loyalty, thereby assisting in increasing sales. The hotel sector in Kenya has witnessed an increase in the hotel occupancy by 6 percent in 2019, in spite of this the loyal customers have reduced by 30 percent. Offering services to customers with no clear strategy of customer relationship management has contributed to this decline in customers which is expected to affect the hotel market share and profits negatively. It is still a challenge even with the government effort to market and promote the hotels through the Kenya Tourism Board with an aim of attracting more customers locally and abroad. The study aimed to determine the nexus between customer relationship management strategies and customer loyalty of star rated hotels in Kenya. Precisely, the study assessed the influence of customer orientation strategy, institutional strength strategy, service quality management strategy and customer retention strategy on customer loyalty. Resource based view and commitment-trust theory anchored the research. The cross-sectional descriptive research design was adopted for the research. A sample size of 140 head of customer service selected from the target population of 215 star rated hotels in Kenya using multi-stage sampling. A response rate of 91.4 percent was witnessed. Pilot study was conducted on 75 head of customer service of the star rated hotels in Kenya who did not participate in the final study and not part of the sample size. In ensuring reliability, the study used split half and Cronbach's alpha approach. Among all the independent variables the lowest Cronbach's alpha coefficient was 0.715 while the highest was 0.939. Descriptive statistics and binary Logistic Regression were used to analyze data and make conclusion. The P value for all the independent variable was less than 5 percent, thus, it is concluded that customer orientation strategy, institutional strength strategy, service quality management strategy and customer retention strategy are statistically significant in prediction of customer loyalty in star rated hotels in Kenya. it was further recommended that; the top-level management need to promote a culture that is customer centered where their staff have more energy directed towards fulfilling the client needs. The star rated hotel customer service department need to conduct regular follow ups on the offered services. It is essential to train and offer seminars sessions to their employees on ways of improving customer loyalty. The star rated hotels should offer a clean and organized platform so as to improve customer loyalty. The hotels need to utilize the price skimming tactic and offer complimentary products so as to retain more customers who will in the long run lead to customer loyalty.

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## **ABBREVIATIONS AND ACRONYMS**

<b>COVID 19:</b>	The Coronavirus Disease 2019
<b>NACOSTI:</b>	National Commission for Science, Technology and Innovation
<b>KNBS:</b>	Kenya National Bureau of Statistics
<b>WHO:</b>	World Health Organization

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Recently, numerous commercial activities worldwide have been brought to a halt or operations has reduced with the rise of Corona Virus (COVID 19) and this has changed how organizations do business. Hospitality industry has been highly affected due to the health measures taken like social distancing orders, events cancellations and travel restrictions (World Health Organisation [WHO], 2020). This has affected the hotel performance indicators negatively like decline in the hotel occupancy rates and revenues. Despite the pandemic control measure challenges to reverse this trend, hotels need to improve their customer loyalty. A loyal customer is regarded to be a free advert for any business and is regarded as an essential asset for the survival of any business worldwide. Hotels need to use customer centric approach like customer relationship management strategy so as to maintain their customer's loyalty and enhance its competitive edge in the long run (Davahli et al., 2020).

Relationship marketing has become a vital tool for the hotel sector in the current dynamic market where customer preferences and needs are shifting hastily. These hasty shifts increase the relationships importance and emphasizes on the need to be in relationships networks. Organizations have focused on establishing a long period profitable business relationship with their customers in order to enhance customer value. Customer relationship management strategies provide benefits to an organisation since loyal

customers increases their expenditure at an increasing rate, make repurchases at full profit margin and generate operating competences (Nasir, 2017).

Customer relationship management strategy is a continuous procedure of recognizing and creating new customer value and distributing the merits of the customer value in a going concern organization (Mokhtaran & Komeilian, 2016). It is a customer centric strategy adopted by an organization to manage the its interaction with its clientele in the effort of creating a stronger positive relationship with them. It assists organizations make informed decisions in their attempts to improve customer loyalty and sales (Saleh & El Sabeli, 2018). On the other hand, it was defined by Davahli et al. (2020) as a strategy that assist management in listening to their customers, be customer centric and provide quality product and service through skilled employees. Customer relationship management strategies are essential in enhancing the organisation relationship with their customers from the introduction moment and throughout the business existence. This is conducted with collecting customer data, analyzing the collected data, developing and implementing the customer relationship strategies. Customer knowledge and data are the supreme assets for the hotels and they can use it to win their customers loyalty (Jiang & Wen, 2020).

Customer relationship management strategies such as customer orientation programs, service quality management and customer retention has been recognized as management philosophy while creating customer loyalty (Kocoglu & Kirmaci, 2012). Effective and efficient customer relationship management strategy lead to repeated purchase by the customer as well as more customer referrals. During this pandemic era hotels need to create strategies such as offering quality service, unique products or even customizing

their products that can make their customers feel valued. Conversely, to earn more revenues with reduced number of workforce reorientation of technology in hotels has to be enhanced so as to retain the client's confidence and loyalty (Lawson-Body & Limayem, 2017).

To improve the customer value, hotels in the far-east countries have been offering quality service, unique products and involving customers in identifying their needs. They also maintain the records of their clients in their database. On the other hand, customers prefer to interact with less employees of the hotels who exhibit high skills (Zhang et al., 2016). Hotels that meet and satisfy customer needs by fulfilling their needs and wishes attracts customer loyalty. Thus, it is essential for them to regularly keep contact with them and follow their needs and wishes closely. Those that do not manage their customer relationship well they will adversely suffer for any strategy they adopt in an effort to win the customer loyalty as customers have a great power (Kocoglu & Kirmaci, 2012).

In Africa, increased hotel customers' loyalty in South Africa is credited to the effective customer relationship management strategies used. The strategies entail customer orientations, institutional strengths and quality service provision which have been rated as an effective management tool (Madhov & Dhliwayo, 2017). Hotels need to build these strategies internally as they build closer bonds with their customers but the focus should be externally on customers. In Ghana, innovations have presented easier ways of keeping in touch with their customers in an effort to enhance their loyalty. Social media platforms have greatly cut the cost of reaching to customers. However, their service quality is still too low in comparison to the international standards. Additionally, their human resource

has not achieved the requirement of the oversight authority (Klutse, 2016). They also experience tough competition that have led them to focus on searching for new ways of encouraging and winning their clients to remain loyal. Customer relationship management strategies are usually utilized to create a large customer loyalty base for increasing sales revenue and performance of an organisation (Mohammed & Rashid, 2012).

In Kenya, the hotel sector has been listed as the first sector in vision 2030 that will enhance economic growth. The hotels need to be customer-centric so as to counter the competition they receive either locally by the increasing number of hotels or internationally while building customer loyalty (Mugito, 2016). They attract many customers but still work on establishing a long-term relationship with their customers either locally or internationally so as to increase loyal and profitable customers. Customer centric organisation reap more long-term benefits such as increased customer loyalty and healthier financial returns (Kangu et al., 2017). However, the hotel industry has experienced a high decline in customer loyalty of 30 percent which necessitate for a study to be conducted so as to offer a solution.

## **1.2 Statement of the Problem**

Customer loyalty is essential for the survival of any business worldwide. Therefore, a stronger customer relationship management strategy is vital to the 21<sup>st</sup> century business that wishes to survive in the today's competitive environment (Wabwile et al., 2019). The hotel sector in Kenya has witnessed an increase in the hotel occupancy by 6 percent in



2019, in spite of this the customers have reduced by 30 percent (Kenya National Bureau of Statistics [KNBS], 2020). Offering services to customers with no clear strategy of customer relationship management has contributed to this decline in customers which is expected to affect the hotel market share and profits negatively (Wabwile et al., 2019). It is still a challenge even with the government effort to market and promote the hotels through the Kenya Tourism Board with an aim of attracting more customers locally and abroad (KNBS, 2020). This is so because, hotels gain their revenues from the customers they offer services to. The declining customer loyalty may threaten the going concern of the hotels thus leading to closure. In the long run this will largely affect the employment rate of 60 percent offered by the sector either directly or indirectly. Additionally, it will act as a hinderance to the improvement of the country's income as the sector is the largest foreign exchange earner (Parliamentary Budget Office, 2020).

However, the existing research globally are in disagreement in their results on the nexus among customer relationship management strategies and customer loyalty. For example, Al-Azzam (2016) and Kangu (2017) found a significant link among customer relationship management strategies and the performance of the hotel. Nevertheless, Wabwile et al. (2019) were in contrast. Thus, the need for the research on the nexus between customer relationship management strategy and customer loyalty in Kenyan star rated hotels.

### **1.3 General Objective**

To determine the nexus between customer relationship management strategy and customer loyalty in the Kenyan star rated hotels

#### **1.4 Specific Objectives**

- i) To determine the influence of customer orientation strategy on customer loyalty in the Kenyan star rated hotels
- ii) To assess the influence of institutional strength strategy on customer loyalty in the Kenyan star rated hotels
- iii) To establish the influence of service quality management strategy on customer loyalty in the Kenyan star rated hotels
- iv) To determine the influence of customer retention strategy on customer loyalty in the Kenyan star rated hotels

#### **1.5 Research Hypothesis**

- i) H<sub>01</sub>: Customer orientation strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels.
- ii) H<sub>02</sub>: Institutional strength strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels.
- iii) H<sub>03</sub>: Service quality management strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels.
- iv) H<sub>04</sub>: Customer retention strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels.

## **1.6 Scope of the Study**

The study focused on the nexus between customer relationship management strategy and customer loyalty. Precisely, the study focused on the customer orientation strategy, institutional strength strategy, service quality management strategy, customer retention strategy and customer loyalty. There might be other strategies that influence the customer loyalty, but the study offered much consideration. The study was conducted on all the hotels that have been classified by the Tourism Regulatory Authority in Kenya. The hotels are classified as; one-star hotel, two-star hotel, three-star hotel, four-star hotel and five-star hotel. There are other categories of hotels that are not classified by the Tourism Authority of Kenya and will not be considered in this study. The analysis unit was all the 215 hotels who are star rated by the Tourism Regulatory Authority in Kenya. It is the only body that regulates tourism activities and services with the aim of ensuring high standards and quality of services. The 215 head of customer service of these hotels was the target population for the study.

The geographical scope of the study was the star rated hotels in the 20 counties in Kenya. Kenya was selected due to the continuous improvement in the hotel sector. The country has an overall regulator (Tourism Regulatory Authority) that regulates and classifies all-star rated hotels. Hotels in the country were expected to have improved customer loyalty. The country was thus fit for enquiry. A cross-sectional descriptive survey design was used so as to acquire more insights on the nexus between customer relationship management strategy and customer loyalty in the Kenyan star rated hotels.

### **1.7 Limitations of the Study**

The first constraint was that the financial budget proposed by the researcher may deplete before completion of the study. The researcher saved more funds to cater for any deficit in the budget so as to ensure the study was completed in time and all proposed work done. Further the study was conducted in the star rated hotels, hence the findings might be more appropriate only in the star rated hotels. This means that it may not be appropriate to make the claim that findings are applicable to the entire hotel industry in Kenya.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will review the relevant literature on the nexus between customer relationship management strategy and customer loyalty in the Kenyan star rated hotels. This chapter will develop theoretical review, empirical review and conceptual framework that the study will apply in regard to each variable in the study.

#### **2.2 Theoretical Review**

In this segment, the applicable theories will be considered with the aim of establishing the study theoretical framework.

##### **2.2.1 Resource Based View Theory**

Barney 1991 is accredited with the theory of Resource based view. It proposes that to attain a competitive advantage a firm need to establish internal strengths among the accessible internal resources. The theory assumes two types of resources; tangible assets and intangible assets that are heterogeneous and immobile. Heterogenous means that the organization resources must vary significantly from one organisation to another while immobile means that the resources cannot move freely among organizations (Wirtz & Daiser, 2018). The resources of the organisation should be valuable, rare, organized to capture value, be expensive to imitate or substitute and have ability to explain continued competitive advantage. The resources should assist an institution establish and implement strategies that can increase effectiveness and efficiency. Customer relationship

management strategy, is a formation of the organization's culture and is considered as a resource that entails concentrating on winning the customer loyalty (Frambach et al., 2016).

Customer relationship management strategy is the adequate understanding of an organization's target customer to be in a position to produce superior value continuously (Wirtz & Daiser, 2018). By the organisation creating customer value customer loyalty is created leading to a competitive advantage and attaining organizational goals. The objective of maximizing firms' goals has been emphasized by the theory. The theory views organizations as possessing resources that are tangible or intangible (Frambach et al., 2016). These resources can include customer orientation strategies, institutional strength strategies, service quality management strategies and customer retention strategies. Owning resources presents to the organisation a competitive advantage opportunity (Nasution & Rafiki, 2018).

Vargas et al. (2017) argues that sustained competitive advantage is due to the strategic blending of internally developed resources in an organisation and synchronized with related competences. The competencies are the set of strategic procedures that allows the strategically positioned officers such as organizational officers to revisit their asset base so as to establish approaches that improve the customers' value. Competencies are complex and are encompassed in the routines of the organizations and cannot be imitated easily and must be non-substitutable. Customer relationship management strategies are core competencies that organizations ought to establish (Watson et al., 2018).

Organizations with higher customer relationship management strategies have an upper hand in enhancing customer value with a view of maintaining their loyalty.

### **2.2.2 Commitment-trust Theory of Relationship Marketing**

The theory of commitment-trust explaining the relationship marketing was advanced by Morgan and Hunt in 1994. It specifies that commitment and trust is vital in mediating the exchange between participant which eventually leads to effective cooperation that can create a successful relationship marketing. It encourages the partners to maintain a long-term relationship (Sutanto & Djati, 2017). It assumes that there is a continuing wish to uphold a relationship that is valued as well as will to depend on a partner in an exchange whom the other partner has confidence with. The exchange partners are expected to act in the best interest for each other, for example, a customer is expected to believe in the organization with honesty and integrity. Organization focuses on customer in understanding their expectations rather than product or service (Minta, 2018). It emphasizes on creation of bonds with customers by ensuring customer needs are met and commitments honored rather than the organization focusing on short-term profits. This forms a continuing bond with customers where customers end up trusting the organization and the mutual loyalty assist the exchange partners satisfy their desires (Wachira & Were, 2016).

Organizations ought to establish customer relationship management strategies with a customer beyond purchasing a product or service to ensure the customer is satisfied with the organization interaction experience (Ufot & Nkamare, 2019). A dissatisfied customer

could be refunded or discount offered in their next exchange. The customer experience with the organization needs to be incorporated in streamlining the organizational strategies to deter experiencing a situation where a customer is dissatisfied. By having continuous activities of building a relationship with the customer, it portrays its commitment to the customer. A relationship anchored on commitment and trust results to co-operative behaviors that allows the exchange partners to achieve their desires (Hinson & Adika, 2018).

The aim of a business exchange is for the partners to exchange goods and services for a certain price, but relationship marketing ensures that customers feel valued as sales alone does not prove that an organization is successful. In return, an organization will attract customer loyalty which is vital in marketing as no more resources will be utilized in looking for new customers. Furthermore, investing in excellent customer relationship management strategies saves organization financial resources that would be used in marketing the product or service. It allows organization to focus on customers who have long term value to the business (Minta, 2018). Maintaining trust and commitment is a great source a competitive advantage to an organization which results in customer loyalty. An increment in these constructs will have a positive effect on the customer loyalty (Watson et al., 2018). Its thus important for an organization to embrace them when establishing customer relationship management strategies.

### **2.2.3 An Affect Theory of Social Exchange**

An affect theory of social exchange is accredited to Lawler 2001. The theory states that when there is a social exchange stronger or weaker ties are generated within the groups



or among individuals. Participants in the social exchange usually weight the cost and benefits of their relationship before agreeing to share the responsibilities in the social interaction. The social exchange emotions produced can be involuntarily punitive or rewarding but not both, thus, with shared responsibilities that are great will lead to strong emotions attached to social units by the individuals. Emotions occurs where there is exchange of information, knowledge or compliments to solve the uncertainties and maintain a stable social order. The social units are considered to be the source of emotions experienced during the exchange task with an aim of generating more valuable satisfaction or goods than they have presently. The theory has become so relevant in the marketing discipline where there is shift from good centric approach to service centric where intangibles have been given more emphasis. The hotel sector has not been left behind in ensuring their clients' utilities are fulfilled (Al-Azzam, 2016).

When a customer in a hotel experiences a rewarding opportunity in the hotel, they tend to improve their customer loyalty towards the brand and vice versa. Customers depends on the hotels in attainment of service success; thus, hotels need to ensure they have good customer relationship management strategies so as to win the clients (Sierra & McQuitty, 2015). Moreover, the customers and organization need to have a shared responsibility for the exchange to be successful. The service provider needs to ensure that customer create a feeling of being part of the transaction carried out. The significance of having a relationship between the organisation and customers is to boost customer loyalty (Rintari & Mogire, 2015). Organizations need to ensure that their customers have positive emotions for them to experience customer loyalty. Customer orientation strategies,

institutional strength strategy, service quality management strategy and customer retention strategy can be used in creating inseparable shared responsibility between the hotels and customers.

## **2.3 Empirical Review**

Empirical review is a way of obtaining knowledge by reviewing the past researches conducted previously (Sekran & Bougie, 2011). This section will consist of the review of the past studies carried out in line with the variables of the study.

### **2.3.1 Customer Orientation Strategy**

Soltani et al. (2018) examined the customer relationship management impact on the performance of an organisation in the Tehran listed companies. Specifically, the study evaluated the use of information technology, customer orientation, organization capability and customer knowledge on the organisation performance. A Descriptive design of research was applied in the enquiry which had a target population of 69 Tehran companies. Analyzed data revealed a significant link between the customer relationship management parameters and organisation performance. An effective and efficient use of information technology, customer orientation, organization capability and customer knowledge leads enhance the organisation performance (Wirtz & Daiser, 2018). Focus is on improve the customer loyalty through enhancement of customer value, thus, assisting in increased sales. Nevertheless, the study lacked an anchoring theory. Knowledge based view theory would be appropriate for the study so as to improve its relevance. Moreover, no recommendation was made by the study.

Nasution and Rafiki (2018) deliberated on the critical review on the literature on the customer relationship management effect on performance of Indonesia telecommunication sector medium enterprises. Senior management support, client orientation, capacity building orientation were the customer management practices parameters. A descriptive survey design of research was utilized by the study where primary data was obtained from 82 employees respondents using a self-administered questionnaire. The respondents were selected using a stratified random sampling technique. The correlated and regressed outcomes showed that the study parameters had a positive and significant effect on the organisation performance. The study lacks recommendation and theories to make the current research have much weight in research and contribution to knowledge in the community at large.

A study was conducted by Ufot and Nkamare (2019) on the link between customer relationship management and hospitality industry SMEs performance in the cross-river state. The study independent variable parameters were enquiry management and customer management activities. The commitment-trust theory of the relationship was adopted in the study. A descriptive survey design of research was utilized by the study which had a sample size of 109. Topman formula of sample size calculation was utilized in obtaining the sample size since the population was unknown. A self-administered questionnaire with 5-point Likert scale questions obtained primary data from the respondents which was analyzed using simple linear regression. The results revealed that the study parameters had a significant relationship with the response variable. It was recommended that the organization management should strategize on improving the customer loyalty

by offering value. However, the study went ahead to analyze other parameters such as customer relationship upgrading and technology which was not part of the specific objective thus, creating confusion.

An evaluation on the customer relationship management effect on the perceived family bank limited performance was carried out by Wachira and Were (2016). Specifically, the study evaluated the effect of organizational culture changes, customer retention strategies and service quality management strategies on organizational performance. The study was anchored on the service gap theory, theory of performance and commitment-trust theory of relationship marketing. Descriptive survey design was adopted where primary data and secondary data was collected from the bank employees. The correlated results indicated that the study variables had a moderate positive relationship with perceived performance except for customer retention strategy which portrayed a weak positive relationship. On the other hand, the regressed data revealed that the study variable were statistically influencing family bank perceived performance. The target population and recommendation for the study was lacking hence, it was not clear who provided information for data analysis, thus making the article very weak for making inferences.

A study by Lestari et al. (2019) assessed the customer satisfaction moderating effect on the association between customer orientation and customer loyalty of health services. The variable of the study was client orientation, client satisfaction and client loyalty. Explanatory research design was adopted in the study where its targeted 785 outpatients who had inpatient customer experience in Panti Waluyo Hospital, Brayat Minulyo

Hospital, and Kustati Hospital and were over 17 years old. A sample size of 200 patients was considered. From the Chi-square results conclusion was made that patient's satisfaction has a moderating effect on the association between client orientation and loyalty of the patient. Nevertheless, the sampling was not statistical hence making the study to lack scientific conclusion and recommendation that can be relied on in making inferences.

A study review was carried out on customer employee's customer orientation and public utility sector customer satisfaction with a service quality as a mediator by Wenyan et al. (2019). The study targeted all the all the commercial SMEs customers of Ghana electricity company in the greater Accra region where 384 SMEs were sampled which had no more than 99 employees. Since the population is unknown the estimated population was 10,000,000 where a confidence level of 95 percent was considered. Convenience and purposive sampling were used in selecting the respondents. Primary data was gathered by utilizing the questionnaires that were self-administered which was issued to the respondents who were managers. The questions were structured into five-point Likert scale. It was exposed that customer orientation had a substantial effect on commercial SMEs customers satisfaction in the electricity consumption. The study theoretical grounding and research design was lacking together with the recommendations. The study ought to be improved by offering relevant theories to anchor the study.

Jarideh (2016) focused on examining client orientation effect on client satisfaction and loyalty in the hyper star stores. A descriptive survey was adopted. The study target customers in Tehran and Iran Hyperstar who had at least one spending experience in these

stores. The population was unlimited hence, the study utilized the Morgan table and considered 384 respondents for the study in collecting data. A 92 percent response rate was witnessed and considered appropriate for conducting further analysis. Correlation analysis results showed that customer orientation positively affected the customer loyalty. Nevertheless, the study was not anchored on any theory and no recommendations were made.

An investigation into the customer orientation effect on performance was carried out by Mokhtaran and Komeilian (2016). A cross-sectional descriptive survey design was adopted in the study where A sample size of 180 Dana insurance representatives in Tehran and Iran was considered. Questionnaires were utilized in collecting primary data where the tool was found to be reliable by scoring 0.986 on the Cronbach's Alpha measure. The regressed data indicated that client orientation has a significant positive effect on the performance of Dana insurance. Organisation ought to be customer centric for attracting more customers and brand creation. A customer should be given warm welcoming for them to feel appreciated (Peña et al., 2019). The study was not grounded on any theory and did not indicate the target population size. In addition, the study need to show the data collection procedure for it to follow a statistical procedures.

### **2.3.2 Institutional Strength Strategy**

Anwar et al. (2020) did a study on the relationship between competency of human resources and customer satisfaction in the Morth Sumatra hospitality industry. The human resource competency was assessed through their education and training skills. The study findings indicated that human resource competency influences the customer

satisfaction. It was thus recommended that the hospitality industry should recruit human resource that is competent so as to enhance customer satisfaction. The study did not indicate the research methodology applied and the theories underpinning the study.

A review by Naveed et al. (2013) the influence of innovation on brand loyalty was conducted. Questionnaire was utilized in data collection from the 85 respondents who responded out of the 100 who were considered as the sample. The regressed results indicated that there is a significant relationship between innovation and brand loyalty. The theories underpinning the study were missing as well as the recommendations. Further the study results could not be relied upon since it was not clear how the researcher arrived at a sample size of a 100 since no target population was shown. The researcher also needed to state the research design applied in the study.

A study was carried out by Ramasubbu et al. (2008) on the employee skills effect on customer satisfaction with enterprise system support services. Exploratory research design was adopted by the study where the study was carried out in 50 countries. The primary data was collected by use of self-administered questionnaires which were further regressed. The analysis results showed a positive significant relationship between the predictor variable and response variance. However, it was not clear what was the study target population and sample size. Hence, the study finding could not be reliable in making conclusions and recommendations. On the other hand the theory for the study was missing.

Rintari and Mogire (2015) focused on examining the drivers of brand loyalty in retail shops. A descriptive survey was adopted where predictor variables consisted of brand performance, marketing strategies, customer satisfaction and perceived product quality. The study targeted the 5 supermarkets (Uchumi supermarket, budget supermarkets, Samrat supermarket and Nakumatt supermarket) and 5 wholesale shops (Farmer's center, Kanini Haraka, Meru uniforms, Nkundi and East end chemists). A survey was conducted where 250 employees and 2000 loyal customers were considered in responding to the semi-structured questionnaires. The regressed results indicated that the variables were not significant in influencing the brand loyalty of the retail shops except customer satisfaction. Nevertheless, the study was not anchored on any theory and the recommendations were not made in line with the study variables. In addition, it was not clear whether the researcher utilized questionnaires or interviews in collecting the primary data.

Lee et al. (2013) carried out a study on the relationship between technology and customer loyalty in Australia hotels. Primary data was collected by use of a self-administred questionnaire from 44 percent of the sample size of 70 sales and marketing managers. The regressed results showed no significant relationship between technology and customer loyalty. Theories anchoring the study, research design, sampling procedures were missing for the study making it unreliable when making conclusions and recommendations.



### **2.3.3 Service Quality Mangement Strategy**

Aburayya et al. (2020) studied the mediating customer satisfaction and service quality effect on the link between customer orientation and customer loyalty. Self-administred questionnaire was the tool used in gathering primary data from the front line health care professionals and patients. The health care professionals questionnaire was examining the customer orientation variable while the later was examining customer satisfaction, loyalty and perceived service quality. The structural equation modelling results indicated that customer satisfaction and service quality was mediating the the relationship between client orientation and customer loyalty. On the other hand client orientation was positively correlated to customer loyalty. It would be appropriate for the study to consider a relevant research design and sampling design to bring relevant input to the study.

A review by Ciunova-Shuleska et al. (2017) on client retention orientation and client loyalty in Balkan country was carried out. The study targeted the SMEs in the Balkan country. A questionnaire which was self-administered was utilized in collecting primary data from the managers of these SMEs. A sample size of 384 respondents was considered. It was confirmed by the results that customer retention orientation significantly affects customer loyalty. On the other hand, brand orientation was found to partially mediate the association between predictor variable and dependent variable. However, the control variable; the company's size did not have any effect on the model relationship. Nevertheless, it was not clear how sampling was carried out.

A critical review on the connection between service quality and customer loyalty was conducted by Anabila et al. (2021) in Ghana's hotel industry. Pursuit for quality services in hotels may have gained momentum as service excellence desires continues to increase in the competitive global market. Customer have become unforgiving with high level of defecting and becoming disloyal if the service quality standards decline below their expectations. Using a quantitative survey design the researchers sampled 313 guests from the luxury hotels in Ghana where a questionnaire with five-point Likert scale was utilized in collecting primary data from the respondents. The correlated results revealed that service quality had a positive and significant effect on the loyalty of customers. The study did not show how the sample size was arrived at and the choice of luxury hotels is not justified. Despite, lacking recommendation this study ought not to represent the Ghana's hotel industry.

Priyo et al. (2019) examined the service quality effect on loyalty of a customer with client satisfaction as a moderator. Quantitative methodology was considered with 182 hotel customers participating in responding to the questionnaire out of the 200 distributed. The structural equation model results revealed that service quality has a positive connection with customer loyalty and customer satisfaction mediating the constructs was present. The study research methodology was not elaborate as the researcher did not indicate how the sample size was selected hence, the study was not scientific.

A review by Fida et al. (2020) on the service quality impact on customer loyalty in the Islamic banks of the Sultanate of Oman. Tangibility, reliability, responsiveness, assurance and empathy were the constructs adopted in the study with a quantitative

approach. A 120 customers sample size was selected from the Nizwa, Alizz, Maisarah and Al-Yusr Islamic banks in Oman. Questionnaire was utilized to gather data from the respondents which was examined using descriptive and regression statistics. The results indicated that empathy and responsiveness have a significant effect on customer loyalty while tangibility, reliability and assurance did not show significant effect. The study ignored the sampling design so it is not clear how sample size was calculated and samples selected.

#### **2.3.4 Customer Retention Strategy**

Fulasia and Otinga (2021) evaluated the influence of customer retention strategies on customer loyalty in Equity bank branches in Nairobi County. The study adopted an Explanatory survey design on hypothesizing the study variables of corporate image management, product quality management, customer reward programs and service quality management. The study was grounded on the risk aversion theory and attribution theory. A target population of 210 strategic section employees of the bank were considered but 138 respondents were selected as the sample size through stratification. Questionnaire was utilized to collect primary data from the respondents. The study variables were found to have a significant effect on client loyalty after conducting correlation analysis. It was recommended that customer retention strategies to be utilized as strategic assets in increasing customer loyalty. The researcher did not justify the choice of equity bank and County hence, this study may not be a representative of other banks in the country.

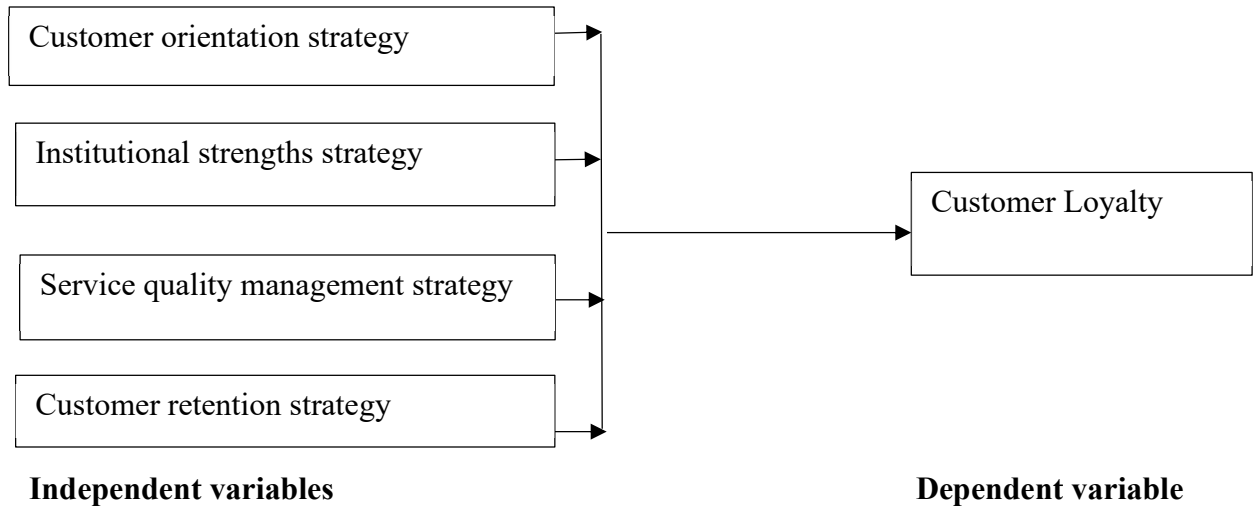
Simanjuntak et al. (2020) conducted a study on the association between customer retention strategies and customer loyalty in the car loan business. The study targeted 1,250 car loan customers in Indonesia who had a car loan only once and had no any other loan in the credit period. A sample size data of 310 customers car loans was evaluated by structural equation modelling. The results revealed that customer retention strategies lack significant relationship between customer loyalty. However, the study did not justify the scope of the study hence the results might be non-statistical.

#### **2.4 Conceptual Framework**

A conceptual framework is a collection of notions that are analytically ordered in provision of a focus, foundation and an instrument for explanation and incorporation of information. It typically describes how interaction of variables in the study behave. This is generally realized by having an illustrative diagram (Gómez & Mouselli, 2018). The interaction of predictor variables of this study (customer orientation strategy, institutional strength strategy, service quality management strategy, customer retention strategy on customer loyalty in the Kenyan star rated hotels) with customer loyalty is depicted in the conceptual framework.

**Figure 2.1**

*Conceptual Framework*



**2.4.1 Customer Orientation Strategy**

Customer Orientation Strategy is the establishment of an organisation culture that assist in understanding the targeted customer and facilitates continuous customer value creation (Santos et al., 2020).

**2.4.2 Institutional Strength Strategy**

The Institutional Strength involves decisions on; Staff competence and Innovativeness (Vargas et al., 2017). The staff competence, which determines the skills and expertise of the staff, is indicated by the employee’s academic qualifications, proficient qualifications and staff training. The other aspect of institutional strength is innovativeness. It involves maintenance of customers database and utilization of computer technology.

### **2.4.3 Service Quality Management Strategy**

Service quality is the collective performance effect of a particular service in relation to the value the customer derives from the service. The strategy adopted in the management of a particular service quality in ensuring customer value towards enhancing customer loyalty is known as service quality management strategy (Wachira & Were, 2016)..

### **2.4.4 Customer Retention Strategy**

Customer retention strategy is the measure that an organization takes with the aim of ensuring customers loyalty to the organization products or services. It is a component of customer relationship management (Wachira & Were, 2016).

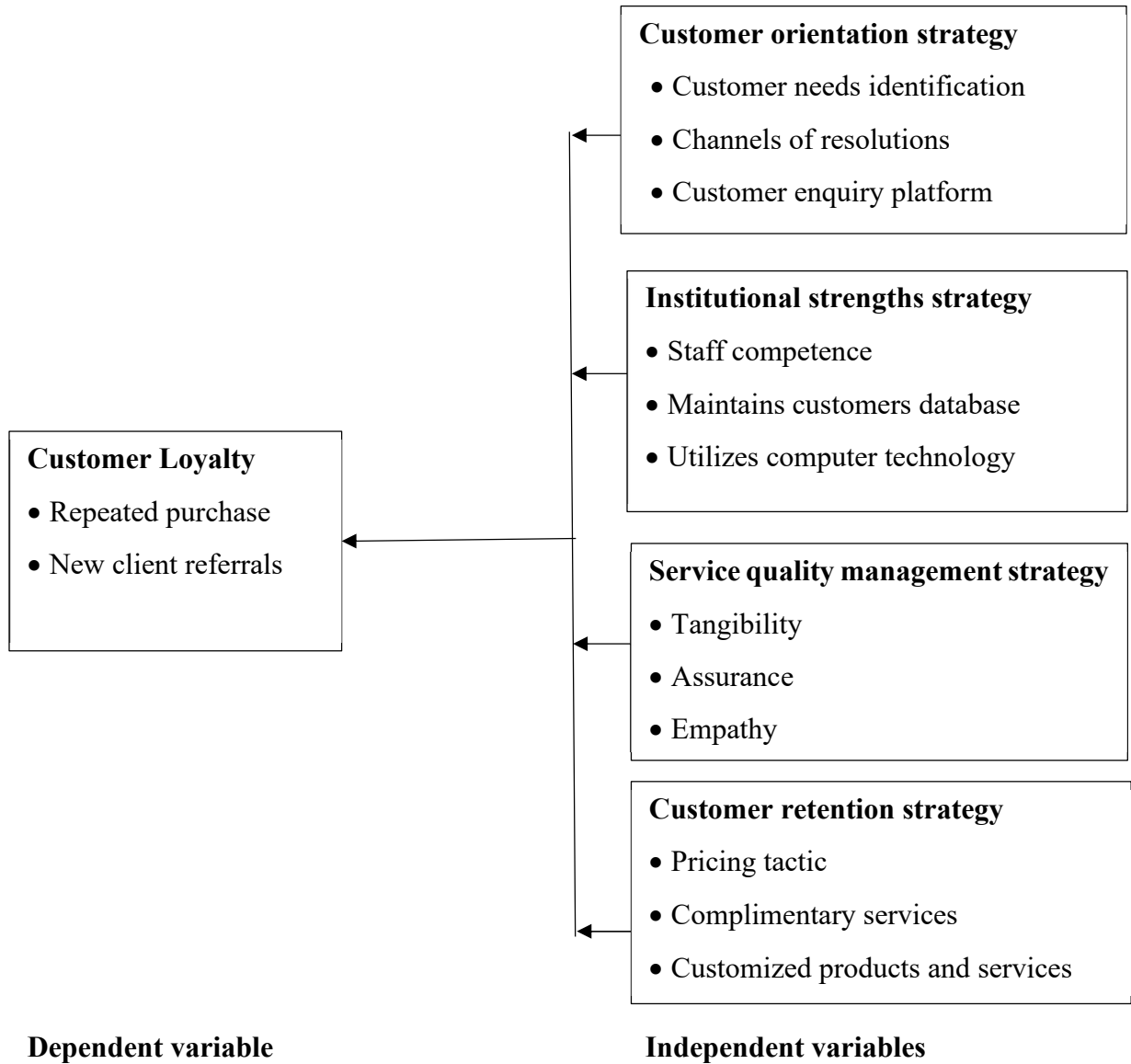
### **2.4.5 Customer Loyalty**

Customer loyalty is a solid profound assurance to steady repurchase and dependable acquiring of a service or product in the long run while there exist other competing players putting more energies to attract customers who can shift their service or product usage (Jarideh, 2016).

## 2.5 Operational Framework

**Figure 2.2**

*Operational Framework*



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter introduces and describes the research design and methodology which was utilized in conducting the study. It explains the research design, target population, sampling design and sample size, data collection instruments and procedures as well as the data analysis that was used in the study.

#### **3.2 Research Design**

Research design is a conceptual structure in which enquiry is carried out. It focuses on choice of data collection methods, period limit and analysis procedures of the study (Gómez & Mouselli, 2018). This enables the researcher to set procedures that will lead to testing hypothesis and provide structure for answering research questions. Research design helps to reflect the aim of inquiry which can be characterized as explanatory, descriptive, survey or causal. The study adopted a descriptive cross-sectional research design which was involved in expounding the traits of a certain person, institution, object or groups. This method was well suited since it allowed flexible data collection and the respondents were not manipulated. Descriptive design of research depicts an exact full outline of a person, event or a situation (Saunders et al., 2018). It was used to define the state of affairs at present. According to Saunders et al. (2018), descriptive cross-sectional research design employs the survey strategy. Survey method employs quantitative and qualitative data which is analyzed through descriptive and inferential statistics.



Additionally, the design allows sampling method which act as a representative of the entire population. Descriptive research design was appropriate since it provided sufficient information about the independent and the dependent variables of this study.

### **3.3 Target Population**

A population is the total group of persons, events, or things of interest that the investigator attempts to examine. It forms a foundation from which the study sample was drawn. The researcher should justify why the group has been selected, its contribution to the study and indicate the group's characteristics including size (Weaver et al., 2018). The study targeted the star rated hotels in Kenya in the 20 counties which are classified as; one-star hotels, two-star hotels, three-star hotels, four-star hotels and five-star hotels. The counties were selected as they play host to the 215 star rated hotels. The other 27 counties have no presence of a star rated hotel. On the other hand, the choice of the star rated hotel is because their tourism activities and services are regulated by the Tourism Regulatory Authority of Kenya with the intention of guaranteeing a high quality and high standard services. The said counties also have a ministry of tourism that registers and regulates them. Star rated hotels in these counties would be expected to implement the best strategies in customer relationship management in their effort to increase customer loyalty but this has not been achieved. The 215 head of customer service of these hotels were the target population for the study.

**Table 3.1**

*Sample Frame*

Hotels	Total Population
One star	3
Two stars	58
Three stars	63
Four stars	67
Five stars	24
<b>Total</b>	<b>215</b>

**3.4 Sampling Procedure and Sample Size**

Sampling procedure is the use of objective sampling methods or designs that permits a researcher to condense the quantity of data that is essential for collection by considering sub-group data rather than the possible elements or cases. It involves selecting people or items that contains characteristics that are representative of the whole population and can make meaningful study contribution (Saunders et al., 2018). The sampling designs can either be probability sampling or non-probability sampling. The study utilized the multi-stage sampling which is a probability sampling method. First, the population was classified into strata. The stars classification was considered for stratification. Stratified sampling is a sampling design that segregates the population into sub-groups that have homogeneous traits and have equal chance of being selected. The persons or elements in

a population should not be assigned to multiple sub-groups (Adams & Lawrence, 2018). Further, simple random sampling was utilized in selecting the sample respondents for the study from each stratum by use of random numbers table until the sample size has been attained. It assisted in selecting a sample for the study where respondents were entirely chosen by chance and the population members have equal chance of being selected as a sample, hence free from biasness. Simple random sampling was useful as it permits a study to apply both descriptive and inferential statistics (Saunders et al., 2018).

In calculating the sample size, the Yamane (1967) formula for sample size computations was considered at a confidence level of 95 percent and  $e = 0.05$ .

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n: sample size,

N: population size,

e: the level of precision.

The formula was utilized since the population is known. A sample is a part of population which the researcher uses to make inference about a population (Kothari, 2011). This helped to collect and analyze data which was used to generalize findings for entire population.

$$n = \frac{215}{1 + 21(0.05)^2} = 140$$

The sample size for the study was therefore 140 head of customer service in these stars rated hotels. The head of customer service was identified purposively since they are the persons who are involved in the customer relationship management and are conversant with the study under investigation.

**Table 3.2**

*Sample Size*

Hotels	Target Population	Sample Size Computation	Sample size
One star	3	$\frac{3 * 140}{215}$	2
Two stars	58	$\frac{58 * 140}{215}$	38
Three stars	63	$\frac{63 * 140}{215}$	41
Four stars	67	$\frac{67 * 140}{215}$	44
Five stars	24	$\frac{24 * 140}{215}$	15
<b>Total</b>	<b>215</b>		<b>140</b>

**3.5 Data Collection**

Once the respondents for the study have been identified the researcher collects data from them. Data collection is a process of gathering information guided by the study variables that can either be qualitative or quantitative with an intent to examine the outcomes (Adams & Lawrence, 2018). It encompasses of data collection instruments and the data collection procedures.

### **3.5.1 Data Collection Instruments**

Data collection instruments are the tools used in assembling data about a phenomenon guided by the study puzzle, variables and hypothesis that are required by the researcher in their evaluation (Gómez & Mouselli, 2018). Primary data was utilized in the study which was collected by use of a self-administered questionnaire. Questionnaires provided insights in research problem by describing the variables of interest and the factual state of affairs at present. Questionnaires were preferred as they are concerned with facts. A questionnaire is a fact-finding tool that gather relevant information about the study variables with an intention of being analyzed to offer meaningful study contribution. A questionnaire is advantageous as it offers no room for biasness, ensures confidentiality and can be utilized to gather data from a large sample and in diverse regions.

### **3.5.2 Data Collection Procedures**

Data collection procedure entails the methods used in obtaining information using the data collection tools from the respondents for further analysis (Gómez & Mouselli, 2018). A research questionnaire was established to collect data on the link between customer relationship management strategy and customer loyalty in star rated hotels in Kenya. The structured questionnaire has five-point Likert scale questions measuring the various parameters in the study. The questionnaire was structured into six sections i.e., customer orientation strategy, institutional strength strategy, service quality management strategy, customer retention strategy and customer loyalty. The questionnaire was further self-administered to the respondents.

### **3.6 Pilot Test**

Pilot test was carried out to ensure the accurateness of the data and to authenticate the validity and reliability of the questionnaire in collecting the appropriate data for the study. Pilot test refers to a study carried out to a sample of actual population with an aim of making inference to the entire population. Pilot test play a major role to the research study by aligning questionnaires to the objectives of the study and ensure that the instrument of data collection measures what it is supposed to measure (Saunders et al., 2018). Pilot study was conducted on 75 head of customer service of the star rated hotels in Kenya who participated in the final study and not part of the sample size.

### **3.7 Reliability**

Reliability refers to the degree to which research instruments produces steady and dependable results. Consideration is made for reliability when a specific measure is applied on the same measurement object a number of times and produces similar results (Weaver et al., 2018). In ensuring reliability, the study used split half and Cronbach's alpha approach. Cronbach alpha is mostly considered when internal method of consistency is applied. Internal method utilizes the range between 0 and 1. The recommended values indicate that between 0.6 to 0.7 is an indication of an acceptable level of reliability and 0.8 and above is a very good reliability. Nevertheless, a value greater than 0.95 are not satisfactorily, since it might be a redundancy indication (Ursachi et al., 2015).

### **3.8 Validity**

Validity is the accuracy and relevance of interpretations, based on the research outcomes. Validity determines whether the parameters in the underlying construct measures what is supposed to measure. According to Munjuri (2018), content and construct validity play a major role in a pilot study. Content validity involves experts to signal valuable content that may not be captured whereas construct determine whether the underlying construct in theoretical framework covers what is supposed to cover. Construct validity with high correlation greater than 0.5 or near 1 will reflect high construct validity.

The study employed construct validity. Construct validity determines the extent to which the questionnaire is closely related to the conceptual framework. This helped to align the theoretical framework with questionnaires to ensure that every variable reflects what is supposed to be measure. Construct validity employs factor analysis to determine correlation. Therefore, factor analysis was used to determine if the proposed constructs are highly correlated.

### **3.9 Data Analysis and Presentation**

Data analysis of the qualitative data which have a five-point Likert scale was conducted. Data was first edited by checking through the completed questionnaires before being coded for further analysis. First descriptive statistics was carried out by computing the mean, standard deviation and frequencies. Analyzed data was presented by use of bar graphs and frequency tables. Binary Logistic Regression analysis was done for each of the hypothesis indicating whether the individual hypothesis is statistically supported or not. Binary Logistic regression is used in situations where response variable is a binary

response variable (Saunders et al, 2018). Cox and Snell's R-Square was used to determine the variation of dependent variable explained by logistic model. To test the strength of the association on the predictor variable and the dependent variable, Nagelkerke's R-Square was used. The overall goodness of fit of the model was tested using Hosmer and Lemeshow test.

The response variable was expected to be that either there is customer loyalty, coded as 1, else 0. To test whether there is any statistical significance between independent variables and the dependent variable, logit model was used as indicated in Equation 3.1

$$\text{Logit } [p] = \ln \frac{p}{1-p} = \beta_0 + \beta_1 CO + \beta_2 IS + \beta_3 SQ + \beta_4 CR + \varepsilon$$

Equation 3.1

Where: P is the probability that a hotels experience customer loyalty

$\beta_0$  is constant

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are the coefficients

CO- customer orientation strategy; IS- institutional strength strategy; SQ- service quality management strategy, CR- customer retention strategy;  $\varepsilon$ -

Stochastic Error term

### 3.10 Ethical Issues

The researcher maintained a high level of ethics. Responses received from the respondents were utilized in academia and were considered to be confidential. The researcher sought permission from NACOSTI, University and other relevant authorities for research authorization. Further the authority to collect data was requested from the



hotel chief executive officer. Before completing the questionnaire, an explanation was made to the respondents on the intention of the research and further request them to participate in responding to the questions. Only those who consented were included in the data collection. There was an introduction letter to accompany the questionnaires inviting cooperation from the respondents, and a letter from the university indicating the study is purely for academia and all ethical practices were to be cherished.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

The study examined the nexus between customer relationship management strategy and customer loyalty in the star rated hotels in Kenya. Specifically, the study examined whether customer orientation strategy, institutional strength strategy, service quality management strategy and customer retention strategy have relationship with customer loyalty. This chapter discusses the study reliability test, response rate, sample characteristics and the descriptive characteristics. In addition, the four hypotheses of the study are tested, presented and interpreted in this chapter.

#### **4.2 Reliability Test Results**

The study had numerous questions which employed Likert scale type of questions. The reliability of the Likert scale questions from the four independent variables was examined before they could be utilized in the data analysis, presentation and interpretation. Dependent variable had a binary response and thus, was not included in the reliability tests. To test the reliability of all the Likert scale questions, Cronbach's alpha coefficient was computed. The results are as presented in table 4.1.

**Table 4.1**

*Reliability Test Results*

	<b>Cronbach's Alpha Co-efficient</b>	<b>Number of Measures</b>
Customer orientation strategy	0.833	6
Institutional strength strategy	0.715	9
Service quality management strategy	0.939	11
Customer retention strategy	0.800	9

All variables after conducting a reliability test as shown in Table 4.1 above had a Cronbach's alpha coefficient of more than 0.7. The Reliability test was conducted on the data collection tool using the Cronbach's Alpha Coefficient to ensure it gives reliable results. Among all the independent variables the lowest Cronbach's alpha coefficient was 0.715 while the highest was 0.939. The recommended values indicate that between 0.6 to 0.7 is an indication of an acceptable level of reliability and 0.8 and above is a very good reliability. Nevertheless, a value greater than 0.95 are not satisfactorily very good, since it might be a redundancy indication (Ursachi et al., 2015). Therefore, based on this recommendation the study questionnaire has suitable internal consistency and is reliable for the study and its results can be used to generalize on population characteristics. It is an indication that the Likert scale questions for the study were testing what they were expected to examine. The Likert scale questions results of the independent variables from the respondents were utilized in further study analysis.

### **4.3 Study Response Rate**

The study questionnaire was developed to collect data of the nexus between customer relationship management strategy and customer loyalty in the star rated hotels in Kenya. Each parameter in the structured questionnaire which were issued to the respondents had a Likert scale type questions designed to address a specific variable. The study utilized the self-administered questionnaire to collect data from the 140 sampled respondents of the star rated hotels in Kenya. Out of 140 sampled respondents' 91.4 percent responded to the questionnaires. A response rate of 50 percent is adequate for further study analysis, a 60 percent rate is good and that of 70 percent is excellent (Mugenda & Mugenda, 2003). The response rate of 91.4 percent in this study is thus adequate in using the respondent's responses for further study examination. The granted authority to collect data by the specific star rated hotels and National Commission for Science, Technology and Innovation could have contributed to the high response rate. The questionnaire had questions on customer orientation strategy, institutional strength strategy, service quality management strategy, customer retention strategy and customer loyalty.

### **4.4 Organisation Profile**

The researcher conducted the study in the star rated hotels in the 20 counties in Kenya. In an effort to understand the organisation in the scope the study sought out some information about them. The organization's information on their star rating and years they have been in operation was evaluated concurrently. The highest number of those who responded came from the four-star hotels who had a 32 percent representation. They were followed by three-star hotels (30.5%), two-star hotel (27.3%), five-star hotels (8.6%) and

one-star hotel (1.6%) simultaneously. This is an indication that all the star rated hotels were represented in the study. The study would thus make general conclusion on the star rated hotels in Kenya.

On the other hand, the star rated hotels were found to have been in operation for a period between 6 years to over 21 years. It was noted that from the 128 star rated hotels that participated in the study those that had operated for between 16 years and 20 years were the majority (36.7%). They were followed by those that had operated for between 11 years and 15 years (31.3%), above 21 years (18%) and between 6 to 10 years (14.1%) simultaneously. This implied that the hotels which participated in the study had a good knowledge of their customer and understood their area of operation very well.

#### **4.5 Customer Loyalty**

Customer loyalty is the study response variable. Customer loyalty is a solid profound assurance to steady repurchase and dependable acquiring of a service or product in the long run while there exist other competing players putting more energies to attract customers who can shift their service or product usage (Jarideh, 2016). Customer loyalty was examined through repeated purchase and number of new client referrals and the researcher posed questions based on those parameters. The respondents were required to either agree or disagree with the questions asked about customer loyalty. The parameter that had the highest score was on customers after visiting or on the first-time visit, they usually pay a frequent visit with their family or friends which had a mean score of 1.00. The extent of agreement on customers promising the hotel on next time visit once they

travel had a mean score of 0.43 followed by presence of reward point system in the hotel with a mean score of 0.23 as shown in table 4.2.

**Table 4.2**

*Customer Loyalty*

Statement	Mean Std. Deviation	
Customers after visiting or the first time they usually pay a frequent visit with their family or friends	1.00	.000
Customers usually promise the hotel of next time visit once they travel	.43	.497
There is a reward point system in the hotel	.23	.420

As indicated in table 4.2, it is evidenced that there is low customer loyalty in star rated hotels in Kenya. Majority of the hotels do not possess a reward point system as well as customers do not make promises about their next visit. However, a few customers might be making frequent visit with their families or friends after their first visit. This implies that the hotels might not be having loyal customers. Promoting customer loyalty in hotels has been unsuccessful due to challenges of recognizing the target customer base and creating mutual relationship with potential clients (Priyo et al., 2019). The response variable was further used in hypothesis testing.

#### **4.6 Customer Orientation Strategy and Customer Loyalty**

The study first objective was to determine the influence of customer orientation strategy on customer loyalty in the star rated hotels in Kenya. Customer orientation strategy was examined through customer needs identification, channels of resolutions and customer enquiry platform. The respondents offered their opinions on customer orientation strategies available on the basis of the parameters. The researcher further utilized these variables during the hypothesis testing. The respondents were required to state the extent they agree with the various statements posed on customer orientation strategies as shown in table 4.3. The scale was from 5 to 1 with 5 representing strongly agree, 4 agree, 3 not sure, 2 disagree and 1 strongly disagree.

The measure that had the highest score was on hotel conducts marketing research to gain familiarity with the customer needs and wants with a mean score of 4.83. This was followed by customers complaints and request being handled very fast, hotel having a clearly defined platform for customers to make enquiries, hotel taking into consideration any issue that is brought to the attention by the customers and market survey recommendations are implemented with an intention of winning customer loyalty with a mean score of 4.75, 4.64, 4.63 and 4.56 respectively. In addition, in case of inconveniences apologies are made to the customer had the least mean score of 4.55. The outcomes are shown in table 4.3.

**Table 4.3***Extent of Agreement on Customer Orientation Strategy*

<b>Statement</b>	<b>Mean</b>	<b>Std.</b>
	<b>Statistic</b>	<b>Deviation</b>
Customer's complaints and request are handled very fast	4.75	0.435
The hotel takes into consideration any issue that is brought to the attention by the customers	4.63	0.484
In case of inconveniences apologies are made to the customer	4.55	0.500
There is a clearly defined platform for the customers to make enquiries	4.64	0.482
The hotel conducts marketing research to gain familiarity with the customer needs and wants	4.83	0.379
Market survey recommendations are implemented with an intention of winning customer loyalty	4.56	0.498

The results in table 4.3 indicate that customer orientation strategies are popular among the star rated hotels in Kenya. This is in support of the reviewed literature as pertaining the customer orientation strategies. Organisation ought to be customer centric for attracting more customers and brand creation. A customer should be given warm



welcoming for them to feel appreciated (Peña et al., 2019). It is thus important for all the star rated hotels to always ensure their customers are well oriented.

#### **4.7 Institutional Strength Strategy and Customer Loyalty**

The study second objective was to assess the influence of institutional strength strategy on customer loyalty in the star rated hotels in Kenya. The institutional strength involves decisions on; staff competence and innovativeness (Vargas et al., 2017). Institutional strength strategy was examined through staff competence, maintenance of customer database and utilization of computer technology. The respondents offered their opinions on institutional strength strategies available on the basis of the parameters. The researcher further utilized these variables during the hypothesis testing. The respondents were required to state the extent they agree with the various statements posed on institutional strength strategies as shown in table 4.4. The scale was from 5 to 1 with 5 representing strongly agree, 4 agree, 3 not sure, 2 disagree and 1 strongly disagree.

The measure that had the highest score was on the hotel employing staff who are experienced in the hotel sector, staff attending recognized institutions for their schooling, hotel having an accurate recording and costing system, hotel customers making booking via mobile number and the hotel maintaining customer records which had a mean score of 4.92 each. This was followed by customer being in a position to make their booking via hotel website with a mean score of 3.34. in addition, hotel makes bulk messaging to the customers in case there is an event had a mean score of 1.99. Employees having an

opportunity to attend refresher courses had the least mean score of 1.73. The results are shown in table 4.4.

**Table 4.4**

*Extent of Agreement on Institutional Strength Strategy*

<b>Statement</b>	<b>Mean Statistic</b>	<b>Std. Deviation</b>
The hotel employs staff who are experienced in the hotel sector	4.92	0.269
The hotel has employees who have trained in hospitality in the university	1.99	0.693
Our staff have attended recognized institutions for their schooling	4.92	0.269
Employees usually attend refresher courses	1.73	0.443
The hotel has an accurate recording and costing system	4.92	0.269
Customers can make bookings via website	3.34	0.986
Customers can make bookings via our customer service mobile number	4.92	0.269
The hotel maintains customer records	4.92	0.269
The hotel makes bulk messaging to the customers in case there is an event	2.34	0.976

The results in table 4.4 indicate that the star rated hotels employ qualified staff though they are not offered refresher courses after their recruitment. This supports the study by

Zhang et al. (2016) who stated that customers prefer to interact with less employees of the hotels who exhibit high skills. On the other hand, it has been witnessed that they keep data for their customers and utilize the computer technology. However, customers bulk messaging is not used by majority of the hotels in case there is an event. Innovations have presented easier ways of keeping in touch with hotel customers in an effort to enhance their loyalty. Social media platforms have greatly cut the cost of reaching to customers (Klutse, 2016). It is good to note that institutional strengths are important to any star rated hotel in Kenya.

#### **4.8 Service Quality Management Strategy and Customer Loyalty**

The study third objective was to establish the influence of service quality management strategy on customer loyalty in the star rated hotels in Kenya. Service quality management strategy is the strategy adopted in the management of a particular service quality in ensuring customer value towards enhancing customer loyalty (Wachira & Were, 2016). Service quality management strategy was examined through tangibility, assurance and empathy. The respondents offered their opinions on service quality management strategy available on the basis of the parameters. The researcher further utilized these variables during the hypothesis testing. The respondents were required to state the extent they agree with the various statements posed on service quality management strategy as shown in table 4.5. The scale was from 5 to 1 with 5 representing strongly agree, 4 agree, 3 not sure, 2 disagree and 1 strongly disagree.

The measures that had the highest scores were that there is a platform for sharing important information to the customers, there is hired security guards, the hotel is located in a conducive environment, customer are offered immediate help when needed and customers are offered individual attention by the hotel staff which had a mean score of 4.92 each. This was followed by that the infrastructures where the hotel is located are good, their hotel attendants are usually dressed in uniforms, services do not delay as per the promised time to the customer, customers are offered guidance by the hotel staffs, and hotels having spacious and well-ventilated rooms with a mean score of 4.90, 4.88, 4.87, 4.85 and 4.80 respectively. Moreover, CCTV are installed in the premises had the least mean score of 4.49. The results are shown in table 4.5.

**Table 4.5***Extent of Agreement on Service Quality Management Strategy*

<b>Statement</b>	<b>Mean</b>	<b>Std. deviation</b>
	<b>Statistic</b>	
The hotel rooms are spacious and well ventilated	4.80	0.404
The hotel attendants are usually dressed in uniforms	4.88	0.323
Customers are offered guidance by the hotel staffs	4.85	0.357
The infrastructures where the hotel is located are good	4.90	0.303
Services do not delay as per the promised time to the customer	4.87	0.341
Customer are offered immediate help when needed	4.92	0.269
There is a platform for sharing important information to the customers	4.92	0.269
CCTV are installed in the premises	4.49	0.502
There is hired security guards	4.92	0.269
The hotel is located in a conducive environment	4.92	0.269
Customers are offered individual attention by the hotel staff	4.92	0.269

The results in table 4.5 indicate that the star rated hotels in Kenya have a high level of tangibility, empathy and assurance. This supports the documented literature. Service

quality management has been recognized as management philosophy while creating customer loyalty (Kocoglu & Kirmaci, 2012). However, their service quality is still too low in comparison to the international standards. There is thus a need to continue improving the star rated hotels service quality management.

#### **4.9 Customer Retention Strategy and Customer Loyalty**

The study fourth objective was to establish the influence of customer retention strategy on customer loyalty in the star rated hotels in Kenya. Customer retention strategy is the measure that an organization takes with the aim of ensuring customers loyalty to the organization products or services. It is a component of customer relationship management (Wachira & Were, 2016). Customer retention strategy was examined through pricing tactic, complimentary services and customized products and services. The respondents offered their opinions on customer retention strategy available on the basis of the parameters. The researcher further utilized these variables during the hypothesis testing. The respondents were required to state the extent they agree with the various statements posed on customer retention strategy as shown in table 4.6. The scale was from 5 to 1 with 5 representing strongly agree, 4 agree, 3 not sure, 2 disagree and 1 strongly disagree.

The measures that had the highest scores were that there is price skimming in the hotels, issuance of hotel branded complimentary, offering of late check-in and check-out to the hotel frequent customers and customers being offered preferred room choice which had a mean score of 4.92 each. This was followed by that pricing is similar to all customers and there are services that are at a loss-making price but attracts more customers who

purchase other items with a moderate mean score of 3.33 and 3.04 respectively. Moreover, rewards being offered to customers who introduce new clients and extra day stay being offered to a frequent customer had the least mean score of 1.77 and 1.51 respectively. The results are shown in table 4.6.

**Table 4.6**

*Extent of Agreement on Customer Retention Strategy*

<b>Statement</b>	<b>Mean Statistic</b>	<b>Std. deviation</b>
Price skimming is applied in the hotel	4.92	0.269
There are services that are at a loss-making price but attracts more customers who purchase other items	3.04	0.498
Pricing is similar to all customers	3.33	0.426
Services in the hotel can be tailor made to fit the needs of the customers	4.92	0.269
There are reward to customers who introduce new clients	1.77	0.420
Customers are issued hotel branded complimentary	4.92	0.269
The hotel usually offers late check-in and check-out for their frequent customers	4.92	0.269
An extra day stay at the hotel can be offered to a frequent customer	1.51	0.502
Customers are offered preferred rooms choice	4.92	0.269

As indicated in table 4.6 it is evidenced that the star rated hotels practice pricing tactic, they also offer complimentary services and customized products and services. However, few stars rated hotels reward customers who introduce new clients and offer an extra day

stay at the hotel to frequent customers. Customer retention strategies have thus been witnessed in the effort of attaining customer loyalty. This supports the reviewed literature. Customer retention management strategy has been recognized as management philosophy while creating customer loyalty (Kocoglu & Kirmaci, 2012).

#### **4.10 Binary Logistic Regression on the Nexus between Customer Relationship Management Strategy and Customer Loyalty**

Binary logistic regression was carried out to test whether customer relationship management strategy has a nexus with customer loyalty in the star rated hotels in Kenya. Binary logistic regression is suitable in hypothesis testing of the relationship between binary response variable and categorical or continuous predictor variable (Hosmer, Lemeshow, & Sturdivant, 2013). The predictor variables for the study have an ordinal outcome whereas the response variable is binary. The study examined the individual effects of the predictor variables where equation 3.1 was utilized in testing the nexus between the predictor variables and response variable. The study specific predictor variables were customer orientation strategy, institutional strength strategy, service quality management strategy and customer retention strategy.

Omnibus test results were derived to test the overall model significance. It was carried out by testing whether a significant variation exists between log-likelihood of the model of initial interaction with a constant and the model. The Omnibus test outcomes indicated a Chi-square of 55.574 with 4 degree of freedom and a P value of 0.000 ( $P=0.000 < 0.05$ ) as shown in table 4.7.



**Table 4.7**

*Results of Omnibus Tests of Model Coefficient*

	Chi-square	df	Sig.
Step	55.574	4	.000
Block	55.574	4	.000
Model	55.574	4	.000

Omnibus test significance occurs when the P value is less than a significance level of 5 percent, thus the null hypothesis appears in the rejection region (Hosmer et al., 2013). In testing the overall significance, Omnibus test of model of coefficient had a Chi-square of 55.574 with 4 degree of freedom and a P value of 0.000 which is less than 5 percent, thus falling in the rejection region. This indicates that the model has a poor fit, therefore creating a different model of testing the strength of the nexus between customer relationship management strategy and customer loyalty in the star rated hotels in Kenya.

Moreover, the test of examining the strength of the relationship between predictor variables and response variable was conducted. The outcomes of the test are indicated in table 4.8 where the -2-log likelihood is 121.371, Cox and Snell R square is 0.352 and Nagelkerke is 0.470.

**Table 4.8**

*Strength of the Relationship between Variable*

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	121.371 <sup>a</sup>	.352	.470

a. Estimation terminated at iteration number 8 because parameter estimates changed by less than .001.

Table 4.8 shows the Cox and Snell R square and Nagelkerke R square where Cox and Snell R square shows the variations in the dependent variable are explained by 35.2 percent of the independent variables. However, Nagelkerke R square shows the variations in the dependent variable are explained by 47 percent of the independent variables explained. Nagelkerke is recommended in explaining the relationship between independent variables and dependent variable. Therefore, Nagelkerke R square value of 0.470 is used in explaining the nexus between customer relationship management strategy and customer loyalty in the star rated hotels in Kenya. It indicates that 47 percent of the variations are explained by the variables of the study.

In determining the fitness of the model Hosmer and Lemeshow test was carried out. The outcomes of the test had a Chi-square value of 9.827 and a P value of 0.119 at 7 degrees of freedom as indicated in table 4.9.

**Table 4.9**

*Hosmer and Lemeshow Test of Model Fitness*

Step	Chi-square	Df	Sig.
1	9.827	7	0.119

When the Hosmer and Lemeshow goodness-of-fit test statistic is greater than 0.05, as is for well-fitting models, we fail to reject the null hypothesis that there is no difference between observed and model-predicted values, implying that the model's estimates fit the data at an acceptable level (Hosmer et al., 2013). That is, well-fitting models show non-significance on the Hosmer and Lemeshow goodness-of-fit test. This desirable outcome of non-significance indicates that the model prediction does not significantly differ from the observed (Benedict, 2016).

The Hosmer and Lemeshow statistic have a significance of 0.119 which is greater than the 5 percent significance level. This is an indication that it is not statistically significant and therefore the model is quite a good fit for the fitted logistic regression.

To test the accuracy level of the fitted regression model in predicting the customer loyalty in star rated hotels in Kenya classification table was used. The test outcomes are as indicated in table 4.10.

**Table 4.10**

*Classification Table*

<b>Observed</b>	<b>Predicted</b>		<b>Percentage Correct</b>
	<b>Customer Loyalty</b>	<b>Customer disloyalty</b>	
Customer Loyalty	54	14	79.4
Customer Disloyalty	26	34	56.7
<b>Overall Percentage</b>			<b>68.8</b>

a. The cut value is .500

The classification table usually indicate the capability level of the model in predicting the dependent variable while using the independent variables. When the value is above 50 percent it makes the model to be a good fit in prediction (Hosmer et al., 2013). The model prediction was therefore correct 88 out of 128 times for the overall success rate of 68.8 percent. The model is suitable in predicting the dependent variable since it has a correct prediction value greater than 50 percent, thus can be replicated.

Further Wald statistics was examined so as to test the independent variables significance against the dependent variable. The outcome shows the coefficient of regression (B), Wald statistic and Odd ratios  $\text{Exp}(B)$  as indicated in table 4.11. the regression coefficient for customer orientation strategy is -0.659, -0.582 for institutional strength strategy, 2.576 for service quality management strategy and 0.441 for customer retention strategy. Conversely, the Wald statistics for customer orientation strategy is 5.168, 10.767 for

institutional strength strategy, 14.686 for service quality management strategy and 14.506 for customer retention strategy. P value for customer orientation strategy is 0.23, 0.01 for institutional strength strategy, 0.00 for service quality management strategy and 0.00 for customer retention strategy

**Table 4.11**

*Variable in the Equation*

	B	S.E.	Wald	df	Sig.	Exp(B)
Customer orientation management strategy	-.659	.290	5.168	1	.023	.517
Institutional strength management strategy	-.582	.177	10.767	1	.001	.559
Service quality management strategy	2.576	.672	14.686	1	.000	1.143
Customer retention management strategy	.441	.116	14.506	1	.000	1.555
Constant	-115.952	31.382	13.652	1	.000	.000

a. Variable(s) entered on step 1: customer orientation management strategy, institutional strength management strategy, service quality management strategy, customer retention management strategy.

The binary logistic regression equation 3.1 is used in explaining the relationship between the independent variables and the dependent variable. The binary logistic regression test developed a predicted equation as follows;

Logit of customer loyalty = -115.952 - 0.659 customer orientation strategy - 0.582 institutional strength strategy + 2.576 service quality management strategy + 0.441 customer retention strategy.

The log of odds of customers in star rated hotel in Kenya being loyal is negatively related to customer orientation strategy and institutional strength strategy but it is positively related to service quality management strategy and customer retention strategy. It can be further deduced that an increase in one unit of customer orientation strategy and institutional strength strategy will lead to a decrease in customer loyalty. On the other hand, an increase in service quality management strategy and customer orientation strategy will lead to an increase in customer loyalty. The odd ratio shows the overall effect on dependent variable of increasing the units of independent variables.

#### **4.10.1 Binary Logistic Regression of Customer Orientation Strategy and Customer Loyalty**

The first null hypothesis was to test that customer orientation strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. As indicated in table 4.11, the result indicate that customer orientation strategy has a Wald statistic value of 5.168 with 1 degree of freedom, a P value of 0.23 and an odd ratio of 0.517. The odd ratio of 0.517 indicates that an increase in one unit of customer orientation strategy will lead to a decrease in customer loyalty by 48.3. Conversely, the P value for the independent

variable was less than 5 percent, thus, it is significant in explaining the relationship between customer orientation strategy and customer loyalty.

Customer orientation strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. This study finding is in agreement with the study carried out by Aburayya et al. (2020) who concluded that customer orientation was positively correlated to customer loyalty. Mokhtaran and Komeilian (2016) also made a conclusion that client orientation has a significant positive effect on the performance of Dana insurance.

#### **4.10.2 Binary Logistic Regression of Institutional Strength Strategy and Customer Loyalty**

The second null hypothesis was to test that institutional strength strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. As indicated in table 4.11, the result indicate that institutional strength strategy has a Wald statistic value of 10.767 with 1 degree of freedom, a P value of 0.01 and an odd ratio of 0.559. The odd ratio of 0.559 indicates that an increase in one unit of customer orientation strategy will lead to a decrease in customer loyalty by 44.1. Conversely, the P value for the independent variable was less than 5 percent, thus, it is significant in explaining the relationship between institutional strength strategy and customer loyalty.

Institutional strength strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. This supports a study carried out by Lawson-Body and Limayem (2017) who stated that institutional strength strategies are essential in retaining the customer loyalty. Klutse (2016), Anwar et al. (2020) and Naveed et al. (2013) also found out that institutional strength strategies have a significant effect on customer loyalty. Institutional strength strategies are usually utilized to create a large customer loyalty base for increasing sales revenue and performance of an organisation (Mohammed & Rashid, 2012). The results were in contrast with Rintari and Mogire (2015) who found no significant relationship between the independent variable and brand loyalty.

#### **4.10.3 Binary Logistic Regression on Service Quality Management Strategy and Customer Loyalty**

The third null hypothesis was to test that service quality management strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. As indicated in table 4.11, the result indicate that institutional strength strategy has a Wald statistic value of 14.686 with 1 degree of freedom, a P value of 0.00 and an odd ratio of 1.143. The odd ratio of 1.143 indicates that an increase in one unit of service quality management strategy will lead to a 14.3 percent likelihood of star rated hotel customer in Kenya being loyal to the hotel. Conversely, the P value for the independent variable was less than 5 percent, thus, it is significant in explaining the relationship between service quality management strategy and customer loyalty.



Service quality management strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. This supports the study carried out by Anabila et al. (2021) whose correlated results revealed that service quality management strategies had a positive and significant effect on the loyalty of customers. Fulasia and Otinga (2021) also found out that service quality management have a significant effect on client loyalty. On the contrary, research conducted by Fida et al. (2020) found that service quality management strategies have no significant effect on customer loyalty.

#### **4.10.4 Binary Logistic Regression on Customer Retention Strategy and Customer Loyalty**

The third null hypothesis was to test that customer retention strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. As indicated in table 4.11, the result indicate that customer retention strategy has a Wald statistic value of 14.506 with 1 degree of freedom, a P value of 0.00 and an odd ratio of 1.555. The odd ratio of 1.555 indicates that an increase in one unit of customer retention strategy will lead to a 55.5 percent likelihood of star rated hotel customer in Kenya being loyal to the hotel. Conversely, the P value for the independent variable was less than 5 percent, thus, it is significant in explaining the relationship between customer retention strategy and customer loyalty.

Customer retention strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. This study agrees with the study carried out by Ciunova-Shuleska et al. (2017) whose results indicated that customer retention strategies

significantly affect customer loyalty. Fulasia and Otinga (2021) also found that customer retention strategies have a significant effect on customer loyalty. However, research conducted by Simanjuntak et al. (2020) concluded that customer retention strategies lack significant relationship between customer loyalty.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter involves the summary of the findings, conclusion and recommendations of the study. Specifically, the study objectives were to examine whether customer orientation strategy, institutional strength strategy, service quality management strategy and customer retention strategy have relationship with customer loyalty. This chapter will discuss the relationship between the independent variables and dependent variable. Moreover, conclusion and recommendation will be made based on the study variables.

#### **5.2 Summary of the Findings**

The main objective of the study is to examine the nexus between customer relationship management practices and customer loyalty in the star rated hotels in Kenya. In attaining the study objective this section will discuss the influence of customer orientation strategy, institutional strength strategy, service quality management strategy and customer retention strategy on customer loyalty.

##### **5.2.1 Influence of Customer Orientation Strategy on Customer Loyalty**

The finding indicated that hotel conducts marketing research to gain familiarity with the customer needs and wants, customers complaints and request are usually handled very fast, the hotels have a clearly defined platform for customers to make enquiries and takes into consideration any issue that is brought to the attention by the customers. Further market survey recommendations are implemented with an intention of winning customer

loyalty and in case of inconveniences apologies are made to the customer. Moreover, the findings indicated that there was a significant influence between the variable customer orientation strategy and customer loyalty therefore rejecting the null hypothesis.

### **5.2.2 Influence of Institutional Strength Strategy on Customer Loyalty**

The finding indicated that the star rated hotels in Kenya had recruited staff who have hotel experience and who were trained by recognized institutions. On the other hand, they were found to have an accurate recording and costing systems, their customer could book via cellphone and website and the customer records were kept. However, the making bulk messaging to the customers and employees being offered opportunity to attend refresher courses was kept low. Further findings indicated that there was a significant influence between the variable institutional strength strategy and customer loyalty therefore rejecting the null hypothesis.

### **5.2.3 Influence of Service Quality Management Strategy on Customer Loyalty**

The finding indicated that the star rated hotels in Kenya has a platform for sharing important information to the customers, there is hired security guards, the hotel is located in a conducive environment, customer is offered immediate help when needed and customers are offered individual attention by the hotel staff. Additionally, infrastructures where the hotel is located are good, their hotel attendants are usually dressed in uniforms, services do not delay as per the promised time to the customer, customers are offered guidance by the hotel staffs, they have spacious and well-ventilated rooms and CCTV are installed in the premises. Additional findings indicated that there was a significant influence between

the variable service quality management strategy and customer loyalty therefore rejecting the null hypothesis.

#### **5.2.4 Influence of Customer Retention Strategy on Customer Loyalty**

The finding indicated that the star rated hotels in Kenya had price skimming, issue hotel branded complimentary, offer late check-in and check-out to the hotel frequent customers, customers are offered preferred room choice, customers are offered similar prices and they have services that have loss-making prices attracts more customers who purchase other items. However, few hotels offer rewards to customers who introduce new clients and also extra day stay to a frequent customer. Other findings indicated that there was a significant influence between the variable customer retention strategy and customer loyalty therefore rejecting the null hypothesis.

### **5.3 Conclusions**

The conclusions of the study were based on the study summary of the findings and guided by the study hypothesis.

#### **5.3.1 Customer Orientation Strategy and Customer Loyalty**

The first null hypothesis was to test that customer orientation strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. The P value for the independent variable was less than 5 percent, thus, it is concluded that customer orientation strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. However, the negative value of the coefficient shows that an

increase in one unit of customer orientation strategy would lead to a decrease in customer loyalty.

### **5.3.2 Institutional Strength Strategy and Customer Loyalty**

The second null hypothesis was to test that institutional strength strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. The P value for the independent variable was less than 5 percent, thus, it is concluded that institutional strength strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. However, the negative value of the coefficient shows that an increase in one unit of institutional strength strategy would lead to a decrease in customer loyalty.

### **5.3.3 Service Quality Management Strategy and Customer Loyalty**

The third null hypothesis was to test that service quality management strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. The P value for the independent variable was less than 5 percent, thus, it is concluded that service quality management strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. However, the positive value of the coefficient shows that an increase in one unit of service quality management strategy would lead to an increase in customer loyalty.

### **5.3.4 Customer Retention Strategy and Customer Loyalty**

The third null hypothesis was to test that customer retention strategy has no significant relationship with customer loyalty in the Kenyan star rated hotels. The P value for the independent variable was less than 5 percent, thus, it is concluded that customer retention

strategy is statistically significant in prediction of customer loyalty in star rated hotels in Kenya. However, the positive value of the coefficient shows that an increase in one unit of customer retention strategy would lead to an increase in customer loyalty.

#### **5.4 Recommendations**

On the basis of findings and conclusions the following essential recommendations for each variable are given;

First the study sought to determine whether customer orientation strategy have an influence on customer loyalty of star rated hotels in Kenya. It was attested that customer orientation strategy has a negative significant influence on customer loyalty of star rated hotels Therefore, for star rated hotels to achieve its objective of offering quality services to their clients the study makes various recommendations. The star rated hotels should establish customer orientation strategies that are tailored uniquely to a certain niche of customers through focusing on their needs, concerns and each customer experience. In addition, the top-level management need to promote a culture that is customer centered where their staff have more energy directed towards fulfilling the client needs.

Secondly the study sought to determine whether institutional strength strategy have an influence on customer loyalty of star rated hotels in Kenya. It was attested that institutional strength strategy has a negative significant influence on customer loyalty of star rated hotels Therefore, for star rated hotels to achieve its objective of offering quality services to their clients the study makes various recommendations. The star rated hotel customer service department need to conduct regular follow ups on the offered services.

It assists in overcoming negative feedback raised by the customers and also be used as strategies of improving customer loyalty. Additionally, since the star rated hotels are well established, it is essential to train and offer seminars sessions to their employees on ways of improving customer loyalty. This will ensure the hotels have informed employees on the trending or contemporary issues in the hospitality sector. Further, the hotels need to embrace the innovations in the sector. This will facilitate in making it easier for majority of customers who come from developed countries to access the services with ease.

Thirdly the study sought to determine whether service quality management strategy have an influence on customer loyalty of star rated hotels in Kenya. It was attested that service quality management strategy has a negative significant influence on customer loyalty of star rated hotels Therefore, for star rated hotels to achieve its objective of offering quality services to their clients the study makes various recommendations. The star rated hotels should offer a clean and organized platform so as to improve customer loyalty. The security of the hotels should also be beefed for the customers to feel safe and secure within the environment.

Fourthly the study sought to determine whether customer retention strategy have an influence on customer loyalty of star rated hotels in Kenya. It was attested that customer retention strategy has a negative significant influence on customer loyalty of star rated hotels Therefore, for star rated hotels to achieve its objective of offering quality services to their clients the study makes various recommendations. The hotels need to utilize the



price skimming tactic and offer complimentary products so as to retain more customers who will in the long run lead to customer loyalty.

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## APPENDICES

### APPENDIX I: Published Paper

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### **THE NEXUS BETWEEN CUSTOMER RELATIONSHIP MANAGEMENT STRATEGY AND CUSTOMER LOYALTY IN THE STAR RATED HOTELS IN KENYA**

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#### **Abstract**

*The aim of the study was to determine the nexus between customer relationship management strategy and customer loyalty of star rated hotels in Kenya. Precisely, the study assessed the influence of customer orientation strategy and service quality management strategy on customer loyalty. Resource based view theory anchored the research. The cross-sectional descriptive research design was adopted where a sample size of 140 respondents out of which 91.4 percent responded. Self-administered questionnaires were used in data collection. Descriptive statistics and binary Logistic Regression were used to analyze data and make conclusion. The P value for all the independent variable was less than 5 percent, thus, it was concluded that customer orientation strategy and service quality management strategy are statistically significant in prediction of customer loyalty in star rated hotels in Kenya. It was further recommended that; the top-level management need to promote a culture that is customer centered where their staff have more energy directed towards fulfilling the client*

**APPENDIX II: NACOSTI Permit Letter**



  
**REPUBLIC OF KENYA**  
**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION**

**Ref No: 888813**  
**Date of Issue: 27/July/2021**


**RESEARCH LICENSE**



**This is to Certify that Miss. ANN MUTHONI NDUNDA of Kenya Methodist University, has been licensed to conduct research in Elgeyo-Marakwet, Embu, Isiolo, Kajiado, Kakamega, Kilifi, Kisii, Kisumu, Kwale, Laikipia, Machakos, Meru, Mombasa, Nairobi, Nakuru, Narok, Nyeri, Samburu, Taita-Taveta, Uasin-Gishu on the topic: THE NEXUS BETWEEN CUSTOMER RELATIONSHIP MANAGEMENT STRATEGY AND CUSTOMER LOYALTY IN THE STAR RATED HOTELS IN KENYA for the period ending : 27/July/2022.**

**License No: NACOSTIP/21/12021**

**888813**  
**Applicant Identification Number**

  
**Director General**  
**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION**

**Verification QR Code**  


**NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.**

**APPENDIX III: Letter of Introduction**

Ann Muthoni,

Kenya Methodist University,

P.O. Box 267,

Meru.

Dear respondent,

**RE: Request for Permission to Carry Out Research Study.**

I am a student at Kenya Methodist University, in the School of Business and Economics and I am carrying out research on the relationship between customer relationship management practices and customer loyalty of star rated hotels in Kenya. I would wish to base my study in your organization. I kindly request you to assist me in this study by filling in the questionnaire attached.

Kindly note that, the information will be treated with high degree of confidentiality and will purely be used for the purpose of academics. Thank you in advance and God bless you.

Yours sincerely,

**Ann Muthoni**

#### **APPENDIX IV: Questionnaire**

This questionnaire is intended for collecting data among the star rated hotels in Kenya. Any information provided by the respondents in this questionnaire will be used for purposes of research and will not be revealed or availed to unauthorized persons. Please take a few minutes to complete this questionnaire correctly and as accurate as possible. Tick the correct answer in the boxes provided against the questions where provided. You need not write your name on the questionnaire.

#### **Section A: Hotel Characteristics**

1As. What star rating have your organisation been awarded?

One star [ ]

Two star [ ]

Three star [ ]

Four star [ ]

Five star [ ]

2. How many years have your organisation been operational?

Below 5 years [ ]

6-10 years [ ]

11-15 years [ ]

16-20 years [ ]

Above 21 years [ ]

#### **Section B: Customer Orientation Strategy**

1. Please indicate the level of agreement or disagreement with each of the following statement.

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Customers complaints and request are handled very fast					

The hotel takes into consideration any issue that is brought to the attention by the customers					
In case of inconveniences apologies are made to the customer					
There is a clearly defined platform for the customers to make enquiries					
The hotel conducts marketing research to gain familiarity with the customer needs and wants					
Market survey recommendations are implemented with an intention of winning customer loyalty					

### Section C: Institutional Strength Strategies

- Please indicate the level of agreement or disagreement with each of the following statement.

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
The hotel employs staff who are experienced in the hotel sector					

The hotel has employees who have trained in hospitality in the university					
Our staff have attended recognized institutions for their schooling					
Employees usually attend refresher courses					
The hotel has an accurate recording and costing system					
Customers can make bookings via website					
Customers can make bookings via our customer service mobile number					
The hotel maintains customer records					
The hotel makes bulk messaging to the customers in case there is an event					

**Section D: Service Quality Management Strategy**

1. Please indicate the level of agreement or disagreement with each of the following statement.

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
The hotel premises are usually cleaned occasionally					
The hotel rooms are spacious and well ventilated					
The hotel attendants are usually dressed in uniforms					
Customers are offered guidance by the hotel staffs					
The infrastructures where the hotel is located are good					
Services do not delay as per the promised time to the customer					
Customer are offered immediate help when needed					
There is a platform for sharing important information to the customers					



CCTV are installed in the premises					
There is hired security guards					
The hotel is located in a conducive environment					
Customers are offered individual attention by the hotel staff					

### Section E: Customer Retention Strategy

1. Please indicate the level of agreement or disagreement with each of the following statement.

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Price skimming is applied in the hotel					
There are services that are at a loss-making price but attracts more customers who purchase other items					
Pricing is similar to all customers					
There are discounts offered when customers visit as a group					
Services in the hotel can be tailor made to fit the needs of the customers					

There are reward to customers who introduce new clients					
Customers are issued hotel branded complimentary					
The hotel usually offers late check-in and check-out for their frequent customers					
An extra day stay at the hotel can be offered to a frequent customer					
Customers are offered preferred rooms choice					

**Section B: Customer Loyalty**

1. Please indicate the true or false on each of the following statement.

	<b>True</b>	<b>False</b>
Customers after visiting or the first time they usually pay a frequent visit with their family or friends		
Customers usually promise the hotel of next time visit once they travel		
There is a reward point system in the hotel		

**APPENDIX V: List of Star Rated Hotels in Kenya**

<b>No.</b>	<b>Star Rated Hotels in Kenya</b>	<b>County</b>	<b>Rating</b>
1	Porini Lion Camp	Narok	*
2	Dewchurch Drive Hotel	Kisumu	*
3	Ibis 2000 Hotel Karatina	Nyeri	*
4	Jacaranda Hotel Nairobi	Nairobi	**
5	Town Lodge	Nairobi	**
6	Central Park Hotel	Nairobi	**
7	After 40 Hotel	Nairobi	**
8	Summerdale Inn	Nairobi	**
9	Eton Hotel	Nairobi	**
10	Zehneria Portico	Nairobi	**
11	Kahama Hotel	Nairobi	**
12	West Breeze Hotel	Nairobi	**
13	Tea Tot Hotel	Machakos	**
14	Papillon Lagoon Reef Hotel	Kwale	**
15	Neptune Paradise	Kwale	**
16	Plaza Beach Hotel	Mombasa	**
17	Seven Islands Resort	Kilifi	**
18	Jambo Travellers Hotel	Kilifi	**
19	Castle Royal Hotel	Mombasa	**
20	Midview Hotel	Mombasa	**
21	Neptune Palm Beach Resort & Spa	Kwale	**
22	Morning Star Apartments	Kwale	**
23	Gasaro Hotel Limited	Mombasa	**
24	Kilili Baharini	Kilifi	**
25	Voyager Safari Camp	Taita	**
26	Flamingo Villas	Kilifi	**
27	Saruni Ocean Beach Resort	Kwale	**

28	Hotel City Max	Nakuru	**
29	Governors' Camp	Narok	**
30	Chester Hotel	Nakuru	**
31	Kabarak University Guest House	Nakuru	**
32	Mpata Safari Club	Narok	**
33	Agricultural Resource Centre (ARC) Hotel	Nakuru	**
34	Mara Siria Luxury Tented Bush Camp	Narok	**
35	Loldia House	Nakuru	**
36	Porini Mara Camp	Narok	**
37	Mara Bush Houses	Narok	**
38	Golf Hotel	Kakamega	**
39	Dados Hotel	Kisii	**
40	Sunset Hotel	Kisumu	**
41	St. Johns Manor-Le Savanna Country Lodges	Kisumu	**
42	Le Savanna Country Lodge & Hotel	Kisumu	**
43	Rondo Retreat Centre	Kakamega	**
44	Kiboko Bay Resort	Kisumu	**
45	Nkubu Heritage Hotel	Meru	**
46	Legacy Star Hotel	Meru	**
47	Ikweta Country Inn	Meru	**
48	Leopard Rock Lodge	Meru	**
49	The Ark	Nyeri	**
50	Ibis Hotel Nyeri	Nyeri	**
51	Ibis Hotel Nanyuki	Laikipia	**
52	Maxoil Hotel	Laikipia	**
53	Elephant Bedroom	Samburu	**
54	Solio Lodge	Laikipia	**
55	Hotel Comfy & Lodge	Uasin Gishu	**
56	Starbucks Hotel and Restaurant Ltd	Uasin Gishu	**

57	Hotel Winstar	Uasin Gishu	**
58	Cicada Hotel	Uasin Gishu	**
59	The Pearl Tourist Hotel Ltd	Uasin Gishu	**
60	Kenmosa Resort	Uasin Gishu	**
61	Poa Place Resort	Uasin Gishu	**
62	Ibis Styles Nairobi Westlands	Nairobi	***
63	Maanzoni Lodge	Machakos	***
64	Azure Hotel	Nairobi	***
65	Best Western Plus Meridian Hotel	Nairobi	***
66	Ngong Hills Hotel	Nairobi	***
67	The Heron Portico	Nairobi	***
68	Pride Inn Raptha Nairobi,	Nairobi	***
69	Sportsview Hotel Kasarani	Nairobi	***
70	Kenya Comfort Suits	Nairobi	***
71	Amboseli Sopa Lodge	Kajiado	***
72	La Masion Royale	Nairobi	***
73	The Clarion Hotel	Nairobi	***
74	Kibo Safaris Camp	Kajiado	***
75	Boma Inn Nairobi	Nairobi	***
76	Utalii Hotel	Nairobi	***
77	Marble Arch Hotel	Nairobi	***
78	Fahari Gardens Hotel	Nairobi	***
79	Villa Leone Guest House	Nairobi	***
80	Sandies Tropical Village	Kilifi	***
81	Bahari Beach Hotel	Mombasa	***
82	Indian Ocean Beach Resort	Kwale	***
83	Kenya Bay Beach Hotel	Mombasa	***
84	Royal Court Hotel	Mombasa	***
85	Mnarani Club	Kilifi	***

86	Crystal Bay Beach Resort	Kilifi	***
87	Ashnil Aruba Lodge	Taita	***
88	Isinya Resorts Limited	Mombasa	***
89	PrideInn Mombasa	Mombasa	***
90	Azul Margarita Beach Resort	Mombasa	***
91	Sentrim Tsavo East Camp	Taita	***
92	JacyJoka Apartments	Mombasa	***
93	Bollywood Bites	Mombasa	***
94	North Coast Beach Hotel	Kilifi	***
95	Mara Simba Lodge	Narok	***
96	Lake Naivasha Simba Lodge	Nakuru	***
97	Hotel Cathay	Nakuru	***
98	Lake Nakuru Flamingo Lodge	Nakuru	***
99	Hillcourt Resort & Spa	Nakuru	***
100	Tipilikwani Mara Camp	Narok	***
101	Sekenani Camp	Narok	***
102	Sanctuary Olonana Camp	Narok	***
103	The Ole Ken Hotel	Nakuru	***
104	Rekero Camp	Narok	***
105	The Vic Hotel	Kisumu	***
106	Kisumu Hotel	Kisumu	***
107	Imperial Hotel	Kisumu	***
108	Hotel Nyakoe	Kisii	***
109	Sovereign Hotel	Kisumu	***
110	Jambo Impala Eco-lodge	Kisumu	***
111	Mountain Breeze Hotel Ltd	Embu	***
112	Ikweta Safari Camp	Meru	***
113	Sportsman's Arms Hotel	Laikipia	***
114	Green Hills Hotel	Nyeri	***

115	Samburu Simba Lodge	Isiolo	***
116	Westwood Hotel	Nyeri	***
117	Outspan Hotel	Nyeri	***
118	Serena Mountain Lodge	Nyeri	***
119	Giraffe Ark Camp Lodge	Nyeri	***
120	Mantis Mutara Tented Luxury Camp	Laikipia	***
121	Borana Lodge	Laikipia	***
122	The Noble Conference Centre	Uasin Gishu	***
123	Kerio View Lodge	Elgeyo Marakwet	***
124	Samich Resort	Elgeyo Marakwet	***
125	Hilton Nairobi Limited	Nairobi	****
126	Crowne Plaza	Nairobi	****
127	Hilton Garden Inn Nairobi Airport	Nairobi	****
128	City Lodge Hotel At Two Rivers	Nairobi	****
129	Southern Sun Mayfair Nairobi	Nairobi	****
130	Eka Hotel	Nairobi	****
131	Sarova Panafric Hotel	Nairobi	****
132	Silver Springs Hotel	Nairobi	****
133	Nairobi Safari Club	Nairobi	****
134	The Panari Hotel, Nairobi	Nairobi	****
135	Ole Sereni Hotel	Nairobi	****
136	Windsor Golf Hotel and Country Club	Nairobi	****
137	Fairview Hotel	Nairobi	****
138	Weston Hotel	Nairobi	****
139	Golden Tulip Westlands	Nairobi	****
140	Amboseli Serena Lodge	Kajiado	****
141	Gelian Hotel	Machakos	****
142	Pride Inn Lantana Apartments and Suites	Nairobi	****
143	Executive Residency by Best Western.	Nairobi	****

144	House of Waine	Nairobi	****
145	Carnivore Restaurant	Nairobi	****
146	Baobab Beach Resort & Spa	Kwale	****
147	Sarova White Sands Beach Resort and Spa	Mombasa	****
148	Leisure Lodge Beach & Golf Resort	Kwale	****
149	Voyager Beach Resort	Mombasa	****
150	Severin Sea Lodge	Mombasa	****
151	Diani sea resort	Kwale	****
152	Serena Beach Resort and Spa	Mombasa	****
153	Turtle Bay Beach Club	Kilifi	****
154	Lantana Galu Beach	Kwale	****
155	Silver Palm Spa & Resort	Kilifi	****
156	Diamond Dream of Africa	Kilifi	****
157	Marina English Point	Mombasa	****
158	Msambweni Beach House and Private Villa	Kwale	****
159	Leopard Point Luxury Beach Resort	Kilifi	****
160	Masai Mara Sopa Lodge	Narok	****
161	Keekorok Lodge	Narok	****
162	Sentrim Elementaita Lodge	Nakuru	****
163	Lake Naivasha Sopa Resort	Nakuru	****
164	Sarova Mara Game Camp	Narok	****
165	Lake Naivasha Sawela Lodge	Nakuru	****
166	Sarova Lion Game Lodge	Nakuru	****
167	Lake Nakuru Sopa Lodge	Nakuru	****
168	Mara Intrepids Camp	Narok	****
169	Ashnil Mara Camp	Narok	****
170	Fairmont Mara Safari Club	Narok	****
171	Naivasha Kongoni Lodge	Nakuru	****
172	Neptune Mara Rianta Luxury Tented Camp	Narok	****



173	Mara Engai Wilderness Lodge	Narok	****
174	Little Governors' Camp	Narok	****
175	DBA Mara West Tented Camp	Narok	****
176	Sunbird Lodge	Nakuru	****
177	Governors' Ilmoran Camp	Narok	****
178	Mara Explorer Camp	Narok	****
179	Encounter Mara Camp	Narok	****
180	Naboisho Camp Tented Camp	Narok	****
181	Olarro Lodge	Narok	****
182	Acacia Premier Hotel	Kisumu	****
183	Fairmont Mt. Kenya Safari Club	Nyeri	****
184	White Rhino Hotel	Nyeri	****
185	Sarova Shaba Game Lodge	Isiolo	****
186	Sweetwater's Serena Camp & Ol Pejeta House	Laikipia	****
187	Aberdares Country Club	Nyeri	****
188	Ashnil Samburu Camp	Isiolo	****
189	Samburu Intrepids Camp	Samburu	****
190	Saruni Safari lodge, Samburu	Samburu	****
191	Boma Inn, Eldoret	Uasin Gishu	****
192	Intercontinental Nairobi	Nairobi	*****
193	Radisson Blu Hotel Nairobi	Nairobi	*****
194	The Sarova Stanley	Nairobi	*****
195	Villa Rosa Kempinski	Nairobi	*****
196	Fairmont The Norfolk	Nairobi	*****
197	Sankara Nairobi	Nairobi	*****
198	The Boma Nairobi	Nairobi	*****
199	Crowne Plaza Nairobi Airport	Nairobi	*****
200	Tribe Hotel	Nairobi	*****
201	Dusit D2	Nairobi	*****

202	Hemingway's Nairobi	Nairobi	*****
203	PrideInn Paradise	Mombasa	*****
204	Leopard Beach Resort and Spa	Kwale	*****
205	Hemingways Watamu	Kwale	*****
206	Diani Reef Beach Resort & Spa	Kwale	*****
207	Swahili Beach Resort	Kwale	*****
208	Medina Palms Suites and Villas	Kilifi	*****
209	Enashipai Resort and Spa	Nakuru	*****
210	Mara Serena Safari Lodge	Narok	*****
211	Lake Elementaita Serena Camp	Nakuru	*****
212	Cottars Nineteen Twenties Safari Camp	Narok	*****
213	Olare Mara Kempinski	Narok	*****
214	Panari Resort, Nyahururu	Laikipia	*****
215	Segeera Retreat Lodge	Laikipia	*****