THE ROLE OF CUSTOMER RELATIONSHIP MANAGEMENT DIMENSIONS ON CUSTOMER LOYALTY IN THE HOTEL INDUSTRY IN KENYA

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The Role of Customer Relationship Management Dimensions on Customer Loyalty in the Hotel Industry in Kenya

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

I dedicate this thesis to my husband, Alexander Katuta Kyule, for your support, inspiration and confidence in me. To my mother, Beatrice O. Kangu, you always knew I could reach any heights I set my eyes on. To my children, Cindy Kavithe, Kyle Kyule and Trixy Katanu, thank you for all the sacrifices you have had to make.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS AND ACRONYMS

AGFI	Adjusted Goodness of Fit Index
AH & LA	American Hotel & Lodging Association
AMOS	Analysis of Moment Structures
AVE	Average Variance Extracted
B2B	Business-to-Business
BSC	Balanced Score Card
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CL	Customer Loyalty
CLV	Customer Lifetime Value
CMV	Common Method Variance
CO	Customer Orientation
CRM	Customer Relationship Management
DF	Degrees of Freedom
E-CRM	Electronic Customer Relationship Management
EFA	Exploratory Factor Analysis
GDP	Gross Domestic Product
GFI	Goodness of Fit Index
IBM	International Business Machines
ICT	Information Communication Technology
IDIC	Identify, Differentiate, Interact and Customise
IFI	Incremental Fit Index
IT	Information Technology
IVR	Interactive Voice Response

KAHC	Kenya Association of Hotel Keepers and Caterers
KES	Kenya Shillings
KIPPRA	Kenya Institute for public policy research and Analysis
KMO	Kaiser – Meyer - Ollan
KNBS	Kenya National Bureau of Statistics
MTMM	Multi – Trait, Multi - Method
PCA	Principal Component Analysis
PE	Personalization of Services
RFI	Relative Fit Index
RFID	Radio Frequency Identification
RMR	Root Mean Square Residual
RMSEA	Root Mean Square Error of Approximation
RoK	Republic of Kenya
SEM	Structural Equation Modeling
SPSS	Statistical Package for Social Science
TI	Technology Infrastructure
TLI	Tucker – Lewis Index
UK	United Kingdom
UNWTO	United Nations World Tourism Organisation
USA	United States of America
USD	United States Dollar
VIF	Variance Inflation Factor
VOIP	Voice through Internet Protocol
WTTC	World Travel & Tourism Council

OPERATIONAL DEFINITIONS OF KEY TERMS

Customer Relationship

Management (CRM):   A strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers in order to create a competitive advantage and improve an organization's performance (Mohammed & Rashid, 2012).

Customer Relationship

Management Dimensions: The CRM dimensions are multi-disciplinary in nature encompassing four broad behavioural dimensions namely: key customer focus, CRM organizations, Knowledge management and technology - based CRM (Abdullateef, Mokhtar & Yusoff, 2010).

Technology Infrastructure: Elkordy (2014) defined technology infrastructure all the information systems used to support front office functions (sales, customer service and marketing) and back office applications that deal with data integration and analysis.

Personalization of Services: Personalization is the procedure of collecting customers' information which helps the firm to

create products and services that perfectly provide the customer's desires and needs (Halimi, Chavosh, Namdar, Espahbodi & Esferjani, 2011)

Service Quality: Understanding the desires and wants of the customer, the consumers perception and expectation for the service provided and the customers overall impression of what a service provider should offer (Angelova & Zekiri, 2011)

Customer Orientation: Customer orientation can be defined as a business strategy that mainly focuses on the degree to which the hotel obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customers' needs and wants (Tajeddini, 2010).

Customer Loyalty: A process, a program, or a group of programs an organisation employs geared towards keeping a guest happy so that he or she will provide more business, (Peppers & Rogers, 2016)

ABSTRACT

Customer Relationship Management (CRM) dimensions are business strategies designed to reduce costs and increase profitability by solidifying customer loyalty. With intense competition among hotels, this study sought to establish whether CRM dimensions in the selected hotels and lodges influence customer loyalty in the hotel industry in Kenya. The main objective of this study was to establish the role of customer relationship management dimensions on customer loyalty in the hotel industry in Kenya. The study used the mixed method, non – experimental cross-sectional survey design because it accorded the researcher an opportunity to capture data from the respondents at a point in time and showed the significant associations among variables. The target population was 147 hotels and lodges listed in the Kenya Association of Hotel Keepers and Caterers (KAHC) Guide 2015. The study opted to study all the listed hotels and lodges thus employing a census approach. The respondents comprised of the 147 customer relationship managers or their equivalent in the 147 hotels and Lodges. The study used a semi - structured questionnaire for data collection. Qualitative and quantitative techniques were used to analyse the data. The results revealed that there was a relationship between technology infrastructure, service quality, customer orientation and customer loyalty. The findings indicated that the hotel industry had effective though not sufficient technology infrastructure. The hotels and lodges had effective reservation systems and the employees had adequate knowledge on how to use the systems. The findings also showed that the employees were customer oriented, handled the customers well and served them at the promised time. The correlation between personalization of services and customer loyalty was found to be positive but statistically insignificant. The study concluded that customer relationship management is an important factor in achieving customer loyalty in the hotel industry. The study recommends that the government and the hotel management to ensure that the hotels are upgraded with modern technological facilities, standardization of the training curriculum for service providers in the hotel industry and come up with well - defined loyalty programmes. The study proposes that future research should be extended to financial and educational institutions whose CRM issues closely relate to those of the hospitality industry.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's competitive world, customer relationship management (CRM) has emerged to be one of the most significant strategies to achieve competitive advantage (Vallabh, Radder & Venter, 2015). Mohammed and Rashid (2012) define CRM as a strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers in order to create a competitive advantage and improve an organization's performance. Ahmad and Jawabreh (2012) say CRM is a strategic process of managing customer relations in an organised way with the aim of guaranteeing that each customer gets the most value from the organization while Yueh, Lee and Barnes (2010) argue that CRM enables organisations to interact with their customers in a dynamic and profitable manner.

1.1.1 The Concept of Customer Relationship Management Dimensions

Many scholars still debate over what should exactly constitute CRM. A few studies have been carried out on the CRM dimensions in some service sectors such as banking (Akroush, Dahiyat, Gharaibeh, & Abu-Lail, 2011; Sadek, Youssef, Ghoneim, & Tantawy, 2012) and contact centres (Abdullateef et al., 2010; Dean, 2007; McNally, 2007). The CRM dimensions encompass four broad behavioural dimensions namely: key customer focus, CRM organizations, Knowledge management and technology - based CRM, (Abdullateef et al., 2010).

Scholars still debate over what exactly constitute CRM dimensions. Wang and Feng (2012) proposed that customer orientation, customer centric management systems, and CRM technology influence organizational performance through three CRM capabilities (interaction management, relationship upgrading, and win-back). Coltman, Devinney and Midgley (2011) posited that CRM capability consists of three components: Information Technology (IT) infrastructure (CRM technology and customer information); human analytic-based resources (employees' skills to use the data effectively); and business architecture and structural capabilities (incentives and management controls that support CRM). Some scholars say CRM is merely technology software while others say it encompasses more dimensions than just the four known broad dimensions, (Yueh et al., 2010). Kim and Kim (2009) suggest that the infrastructure factors (IT, organizational culture, human capital, and strategic alignment) influence CRM processes (customer acquisition, retention, and expansions), resulting in customer outcome factors (customer perceived value, customer satisfaction, and loyalty), which in turn leads to financial results.

Technology - based CRM is a CRM dimension used to capture, organize, manipulate, and share customer related data with both internal and external users, (Garrido-Moreno, Lockett & García-Morales, 2014). Literature has shown that the success or failure of CRM technology is determined by the ability of an organisation to collect, store, analyse, and share both current and potential customers' information to enrich employees' ability in responding to the needs and wants of customers leading to improved ways of attracting and retaining customers (Dean, 2007; Yueh et al., 2010). Advances in information technology has also assisted in improving the

promise on customer value through CRM integrated approaches, such as web enabled approach, automation of marketing and customer support processes, customer information systems, and contact centres (Dean, 2007; McNally, 2007).

Several studies have shown compelling evidence that there is a direct relationship between service quality and customer loyalty. Garrido-Moreno et al. (2014) emphasize on the relationship between CRM and customer knowledge management as having a positive impact on employee job performance, perceived service quality and customer satisfaction. Customer knowledge management has led to organisations being more concerned with better means of responding to customer demands to enhance service quality and nurture positive long-term relationships with both employees and the customers (Dean, 2007; Yueh et al., 2010). Dean (2007) established three dimensions of overall service quality, which are interactions, outcomes, and environmental quality.

Roxana, Anamaria and Corina (2013) posit that in order for organisations to compete in this dynamic and globalized marketplace, they have to contemplate differentiation as a necessity. Differentiation can be in terms of innovative and/or personalized services. Halimi et al. (2011) stated that organisations should focus on customers and take advantage of their personal information in order to perform personalization. Personalization is the procedure of collecting customers' information which helps the firm to create products and services that perfectly provide the customer's desires and

needs in order to maintain a long-term relationship between the company and its customers. Success depends on an accuracy of personalization, which is, offering the right product or services to the right customer.

Abdullateef et al. (2010) declared that customer orientation is more comprehensive than key customer focus and should therefore be considered as one of the CRM dimensions. Several scholars have supported this argument that customer orientation is one of the most important dimensions of CRM (Wang, Huang, Chen, and Lin, 2010). A customer-oriented approach ensures improvement in an organisations performance, (Tajeddini, 2010). Customer orientation incorporates both commitment to customer's needs and customer feedback, (Dean, 2007). Coltman (2007) contents that CRM is a core process in enhancing competitiveness and performance and must concentrate on customer satisfaction, customer retention and customer quality.

1.1.2 Global Perspective of Customer Relationship Management Dimensions in the Hotel Industry

The current global competition coupled with the regular economic flactuations has led to the need for both the product and service industries to plan and monitor their customers reactions, (Abdullateef et al., 2010). Anderson (2011), states that the business environment has become more dynamic than it was 50-60 years ago. These dynamics in the last century have forced organisations to seek new strategies to remain competitive and successful owing to increased competition. In the present times, organizations focus more on customers' needs and wants to achieve customer

4

satisfaction and loyalty rather than on products or services. Customer Relationship Management focuses on increasing profitability and assisting organisations create long – term relationships with their customers making the customers feel they are a part of the organisation, (Samsudin, Kaled & Noor, 2010). Many organisations have shifted focus from just attracting customers, but are working at building long term relationships with both local and foreign customers, suppliers, employees, distributors and the general public, (Dominici & Guzzo, 2010).

Customer relationship management is considered as one of the most effective strategies to retain and increase customers which will eventually result in profitability and guest loyalty, (Wu and Lu, 2012; Mylonakis, 2009). Despite the fact that CRM is beneficial to organizations, some organisations have benefitted more from CRM than others (Nguyen, Sherif, & Newby, 2007). Ideally, CRM brings benefits to the organizations that generate a lot of information about customers and is therefore suited to the hotel industry, taking into consideration that hotels gather a lot of data about their customers, (Nasution & Mavondo, 2008; Nguyen et al., 2007). The hotel industry, just like any other business must be competitive enough to be able to survive in the ever dynamic business environment. It is therefore important for organizations in this industry to focus on retaining their customers by implementing CRM, (Castellanos-Verdugo, Ángeles Oviedo-García, Roldán, & Veerapermal, 2009; Papastathopoulou, Avlonitis, & Panagopoulos, 2007).

Customer relationship management (CRM) is one of the major sources of competitive advantage in the world today, (Al-Azzam, 2016). Furthermore, CRM has

become an extensively accepted tool that supports customer-oriented organizations decisions (Mohammed, Rashid & Tahir, 2014). Organizations are using CRM to increase sales and revenues by focussing on customer retention and customer loyalty (Banga, Kumar & Goyal, 2013).

The hotel industry is closely linked to the tourism sector. The global tourism industry has continued to grow despite various economic challenges that have been witnessed across the world. International tourist arrivals grew by 4.0 per cent in the first half of 2015. The number of tourists travelling the world over increased to 810 million from 779 million in the previous year (UNWTO, 2015). The Caribbean and Oceania led in growth in arrivals at 7.0 per cent, followed by Central Europe, Eastern Europe and Central America at 6.0 per cent, respectively. Europe, Asia and Middle East recorded 5.0 per cent growth in international arrivals. The America region grew at 4.0 per cent in the first three quarters (UNWTO, 2015).

The Indian hotel industry is experiencing increased globalization, competition, high customer turnover, growing customer acquisition costs and rising customer expectations. This means that hotel performance and competitiveness is significantly dependent upon their ability to satisfy customers efficiently and effectively, (Banga et al., 2013). He further says that in India, the focus of the customers has shifted to personal treatment, personalization, one to one marketing and attention by the hospitality professions. The industry strives to understand the aspects of business performance that persuade customers to become repeat purchasers and to exhibit behavioural loyalty.

In Jordan, just like in India, the hotel industry operates in a strongly competitive business environment making it susceptible to international competition (Rababah, 2012. The occupancy rates of hotels in Jordan have not been stable between 2010 and 2016 (Al-Azzam, 2016). This discloses that the hotel industry in Jordan requires strategic intervention. In other words, the hotel managers need to use appropriate customer related strategies and practices to improve their bed occupancy rates, (Alshourah, 2012).

Dickie (2009) surveyed over 1,700 organisations worldwide, and found that only 16.1% of the CRM practicing organisations reported increased revenues resulting from CRM system usage while 83.9% of the organisations did not. Krasnikov, Jayachandran, and Kumar (2010) using a large sample of United States Commercial Banks show that there is no clear relationship between CRM implementation and organizational efficiency, a measure of how well a firm uses its resources in producing outputs. One of the requirements of competitiveness is the ability of the organizations to adjust themselves with the customer needs quickly. Increasingly, competition makes the organizations have more contacts and have relationships with the customers in the world of markets. Customer Relationship Management is a commercial process in the business to business (B2B) environment which prepares the organizational structure to improve and survive in trading. Customer Relationship Management is a strategic process of support against the competitors, providing value for the buyers and sellers and gaining excellent benefits (Mehrdad & Mohammadi, 2011). The management of relations with customers is a key competitive strategy that needs paying attention to the customers' needs and

practicing customer- facing method in all industries (Buttle, 2009). Using communicative technology of information, industries try to create long term relations with customers, so improving management relations with customers has been more common (Lambert, 2010).

The competition among the hospitality industry emphasizes on retaining customers as much as possible. Hotels are often eager to look for effective and efficient activities that can identify, select, acquire, develop, and keep increasing loyal and profitable customers (Yi & Ku, 2008). Dominici and Guzzo (2010) said that to be successful in the market is not only sufficient to attract new customers but also to concentrate on the existing customers by implementing effective policies of customer satisfaction and loyalty. Customer Relationship Management helps companies identify customer needs, manage relationships more intelligently and help predict the future. Appiah and Doku (2010) stated that as the world economy is becoming globalized, competition has intensified and the differences in products have faded. Consequently, businesses have become fixated on CRM dimensions as a major strategic approach focusing on managing customer relationships in order to attract and retain customers and achieve market leadership and profits.

1.1.3 The hotel industry in Kenya

The hotel industry is a big part of the tourism industry in Kenya. The success of one leads to the success of the other. The total contribution of tourism to GDP in 2015 was 10.5 per cent, and directly contributed 3.5 per cent to total employment. The sector accounted for an estimated 9.0 per cent of total formal employment, creating

14,000 and 71,700 jobs in the public and private sectors, respectively, in 2014 (KIPPRA, 2015).

Kenya's hotel infrastructure is dispersed over the entire country although the concentration varies widely. The major tourist zones in Kenya are Nairobi, Mombasa and the Coastal region, Maasai land, Nyanza basin, Western, Central and North Rift (RoK, 2014). The industry has experienced turbulent times in the recent past. The Kenya Institute for public policy research and Analysis (KIPPRA, 2016) report states that there has been a decline in tourism performance indicators over several years. In 2015, international tourist arrivals declined by over 15.0 per cent largely due to travel. The bed occupancy has also been below 50 per cent in the years 2011 – 2015, (KIPPRA, 2016). The lower earnings from the tourism sector impacted negatively on the exchange rate of the Shilling in 2015, (Kenya National Bureau of Statistics, KNBS, 2016)

Table 1.1   The tourism trend in Kenya (2011 – 2015)

	2011	2012	2013	2015	2016
Earnings from tourism (billions)	97, 890	96,020	93,070	87,080	84,600
Number of visitors (millions)	1,822.9	1,710.8	1,519.6	1,350.4	1,180.5
Bed space available (millions)	17,419.6	18,849.6	18,292.2	19,877.2	20,187.2
Bed space occupied (millions)	7,015.2	6,860.8	6,596.7	6,281.6	5,878.6
Percentage of bed space occupied	4.03%	36.4%	36.1%	31.6%	29.1%

Source: Kenya Institute for public policy research and Analysis (KIPPRA, 2016).

The government initiatives to generate impetus for the sector are yet to contribute to meeting the goals of the sector. The government attributes the decline to travel advisories due travel advisories in fear of terrorism by the international market. With respect to this, domestic tourism has been critical in driving the industry amidst decrease in international tourist arrivals to Kenya. In 2015, the sub-sector contributed 58.1 per cent of direct travel and tourism, and tourism revenue (WTTC, 2015). It therefore helped cushion the effects of terrorism that adversely affected international arrivals.

1.2 Statement of the Problem

Relationship management is not a very new concept in the business world. Since the late 1960s, researchers acknowledged that attracting and retaining customers is the main purpose of any business (Ahmad, Omar & Ramayah, 2010). The advent of CRM has enabled the tracking, capturing and analysis of customer activities across different contact points and led the shift from segment-centric to customer-centric focus, (Elkordy, 2014). Organizations that have practiced CRM are expected to attract and retain customers leading to profitability.

The tourism industry where the hotel industry falls continues to play a key role in Kenya's economic development in the form of job creation, accommodation and transport as well as its contribution to the gross domestic product (GDP). The industry has experienced turbulent times. The hotel industry has been growing steadily with hotel bed availability increasing every year from 17, 419.6 million bed spaces available in 2011 to 20, 187.2 in 2015. However, the indusrty has been

recording a consistent decline in the number of customers from 1,822.9 million visitors in 2011 to 1,180.5 in 2015. The actual bed occupancy per year is still below 50% as follows: 40.3% in 2011; 36.4% in 2012, 36.1% in 2013, 31.6% in 2014 and 29.1% in 2015 (KNBS, 2015) showing that that hotel capacity is heavily under-utilized. This is implies that the industry is experiencing difficulties in attracting and retaining customers.

If the decline in the number of customers in the hotel industry continues, a number of hotels will face closure with subsequent employee layoffs leading to increase in unemployment. Other related industries may also be affected including transport (air, road, railway, sea and other infrastructure), agriculture, building and construction. The hotel industry is likely to experience a decline in profits due to competition from other parts of the world. As a result, the quality of services will be affected as hotels will need to cut down on their budgets. New products and services in the hotel industry will not be launched.

Although there is an ever-increasing use of CRM in the tourism sector, CRM initiatives still face high failure rates ranging between 50-70 per cent (Awasthi & Sangle, 2012). Coltman (2007) attributes this failure to the high emphasis on CRM as an IT initiative and ignoring the other dimensions of CRM. Numerous studies have been carried out on CRM but only a few have been in the hotel industry. Al Azzam (2016) carried out a study on the impact of customer relationship management on hotels performance in Jordan to evaluate the relationship between CRM dimensions and found out that CRM plays an important role in attracting customers to hotels and

that successful implementation of CRM technology can play a key role in developing marketing capabilities leading to better organizational performance.

Banga et al. (2013) studied the CRM practices in hotel industry in India and found out that most of the managers had a positive attitude towards CRM, personalization and customization of services was very significant for customer loyalty and that CRM practices helped the hoteliers to increase customer satisfaction, win customer loyalty and retain the customers resulting in increased market share and high profitability. Bartholome (2013) carried out an assessment of CRM strategies used by tourist hotels in Dar es Salaam and found out that successful CRM strategies can contribute to customer retention through customer loyalty, superior service, better information gathering, and organizational learning.

Schulz and Omweri (2012) in their study on the effects of business image on customer retention in hotels in Eldoret concluded that top management and staff are involved in creating a positive image, use of technology, provision of quality services and customer concern by the personnel improved the image of the establishment. Although CRM is an area that has been widely researched by many scholars, their concentration has been in the banking sector and call centers, (Abdullateef et al., 2010). There are still limited researches investigating the success of CRM dimensions on customer attraction and loyalty in the hotel industry, (Vogt, 2011). It is against this background that this study sought to determine the role of customer relationship management dimensions on customer loyalty in the hotel industry in Kenya.

1.3 Objectives

1.3.1 General Objective

The general objective of this study was to determine the role of customer relationship management dimensions on customer loyalty in the hotel industry in Kenya.

1.3.2 Specific Objectives

The specific objectives for this study were:

i. To assess the influence of technology infrastructure on customer loyalty in the hotel industry in Kenya.

ii. To determine the effect of service quality on customer loyalty in the hotel industry in Kenya.

iii. To examine the effect of personalization of services on customer loyalty in the hotel industry in Kenya.

iv. To explore the influence of customer orientation on customer loyalty in the hotel industry in Kenya.

1.4 Research Hypotheses

On the basis of the specific objectives of the study, the null hypotheses stated below were tested in order to make conclusions and recommendations:

$H_0$1: Technology infrastructure has no significant effect on customer loyalty in the hotel industry in Kenya.

$H_0$2: Service quality has no significant influence on customer loyalty in the hotel industry in Kenya.

$H_0 3$: Personalization of services has no significant influence on customer loyalty in the hotel industry in Kenya.

$H_0 4$: Customer orientation has no significant effect on customer loyalty in the hotel industry in Kenya.

1.5 Significance of the Study

According to Kenya's Vision 2030, where the Government's long term blueprint to transform Kenya into a globally competitive and prosperous country is based, it is expected that Kenyans will have a high quality of life by the year 2030. The vision is anchored on economic, social and political pillars. Under the economic pillar, the tourism industry has been earmarked to contribute towards achieving an average economic growth rate of 10% per annum. The same is expected to be sustained till 2030. This study intends to help stakeholders in the hotel sector to understand the empirical and the level of relationship between CRM and customer loyalty. The findings of the study are expected to create cognizance on informed decision making processes. This will greatly enhance the quality of decisions for the decision makers in the industry. In addition, the Investors in the hotel industry are expected to appreciate the importance or otherwise of CRM related investments.

Policymakers in the Government are instrumental in giving the direction of social-economic activities in the country. The findings of this study could act as the requisite guide to policy makers and sector regulators in enhancing the existing policy frameworks. In this, the models that will be used in this study can also be

replicated by policy makers in verifying the influence of various policies in the industry.

The findings of the study will be expected to turn around the industry. In return, the social and economic benefits of tourism will reach local communities. The local community will then benefit through gaining employment, training programs preparing them to work in the industry, trade where customers purchase locally produced products and support local service providers, support of local projects that increase community well-being, Sponsorship of local events, sporting teams among others.

It is worth noting that this study also contributes to enhancing the existing literature in the hotel industry. The results of the study are anticipated to support the findings of other studies mentioned in the literature and they can be of explicit interest and probable value to managers responsible for adopting CRM dimensions in hotels as well as beyond the specific context of hotel services.

In academia, additional research on the basis of these findings can add to the present pool of knowledge by further probing CRM submissions in other services sector. This study will also explore and recommend on various research gaps which will enhance further research by scholars.

1.6   Scope of the Study

The study focused on the role of CRM dimensions (technology infrastructure, service quality, personalization of services, and customer orientation) on customer loyalty. Customer loyalty in this study was studied from the management perspective by investigating the customer loyalty constructs which ascertain customer retention in the hotel industry. These constructs are loyalty programmes, repeat purchases and referrals of new customers by the existing customers. Bertilsson and Persson (2011) carried out a study on how to create loyal visitors in Hotel businesses from the management perspective.

The study targeted all the 147 hotels and lodges listed in the Kenya Association of Hotel Keepers and Caterers (KAHC) Guide 2015 published in the year 2016 (Appendix IV). The Association, KAHC, is the principal umbrella organization bringing together hotels, lodges, restaurants, membership clubs and prominent airline caterers whose common theme is to render services in the hospitality industry. The study used a census approach. The target respondents comprised of 147 customer relationship managers or their equivalent in the 147 hotels registered with KAHC. Data collection took place across the country where the listed hotels and lodges were located between November 2014 and July 2015.

1.7   Limitation of the Study

One limitation the study encountered was that the classification of the hotels was last done in the year 2004 according to the Kenya Gazette Notice 2003 – 2004. The hotels have since then upgraded and classified themselves into 1 Star, 2 Star, 3 Star,

4 Star and 5 Star. The process of ranking the hotels has been going on but the government has not officially released the results yet. The study therefore decided to ignore the stars during the analysis. Most of the Hotels and lodges listed in the Kenya Gazette Notice had since closed down, changed names or relocated to other locations. The study thus opted to use the Sample frame of the hotels and Lodges listed in the KAHC Kenya Hotel, Restaurants and Entertainment Guide of 2015 (Appendix IV).

Another limitation was the unwillingness of the target respondents to give information as it is on the ground. Majority of the hotels in Kenya which are privately owned did not want to divulge a lot of information to the members of public. This challenge gave chance to the sample error, which occurs when the targeted sample is not accessible. This limitation was overcome by ensuring a large number of hotels with varying ownership characteristics were included in the study. This recommendation is provided for by (Mugenda, 2008) who posits that a large selection of the sample is more convenient for a large population with different characteristics. Further, the study mitigated this by assuring the respondents of the confidentiality of information given and that the research was solely for academic purposes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed both theoretical and empirical literature on CRM and customer loyalty and developed a conceptual framework. The chapter also expounded on the research gaps in CRM in the hotel sector in Kenya. The variables in the study are discussed and the hypotheses outlined.

2.2 Theoretical Review

The study is based on three theories and two models. The theories that form the basis of the study are the Identify – Differentiate – Interact – Customize model by Peppers and Rodgers (2004), the social Exchange Theory which focuses on the cost –benefit perspective between the customer and the business and the Social Network theory by Barnes (1954) which views social relationships in terms of nodes and ties. The study is also based on two models. The Value Disciplines model of Michael Tracy and Fred Wierserma as well as the Lehtinen and Lehtinen Service quality Model of 1985. The study uses these theories and models to establish the role played by technology infrastructure, service quality, personalization of services and customer orientation on customer loyalty in the Hotel industry in Kenya.

2.2.1 The Identify, Differentiate, Interact and Customise (IDIC) Theory

The theory was developed by Peppers and Rogers (2004). According to this theory, organizations should take the four actions: identify, differentiate, interact and customize, in order to build closer one-to-one relationships with customers. The

organizations identify who their customers are and build a deep understanding of them. Information such as name, address and purchase information must be collected across the company, at all points of contact (Ling, 2017). It may seem simple and obvious for a firm to gather information; however, many times the information is spread out between departments and not organized in such a way that information can be linked quickly to each individual customer (Peppers & Rogers, 2016).

Each customer represents a different level of value to the company. The priority here is to identify the different needs of each customer, estimating the value and importance of each customer and tailor the business offer to each customer (Bagdoniene & Kazakeviciute, 2009).
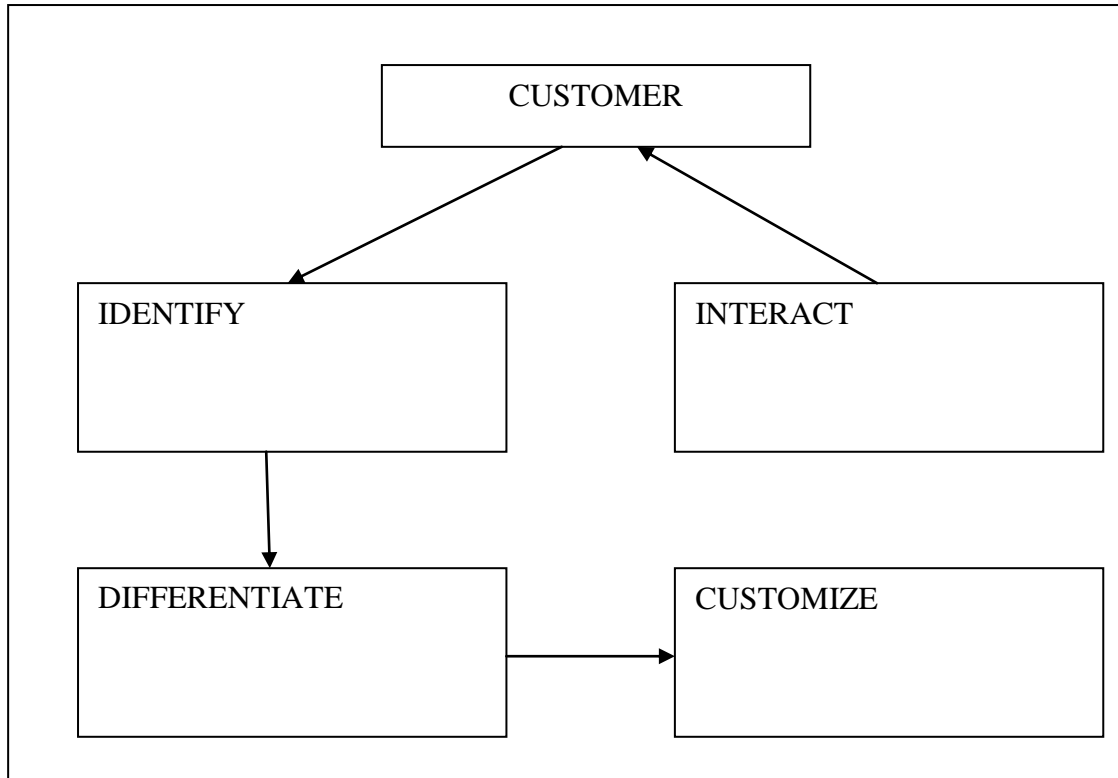
Figure 2.1: Identify-Differentiate-Interact-Customize Model

Source: Adapted from Peppers & Rogers (2004)

In each interaction with the firm through the "touch- points", the firm should continue to gather knowledge of preferences; data that can help them further customize and continue to give quantified value to customer, an example could be not to have the most valued customers waiting in any queues for service (Peppers & Rogers, 2016). This theory provides a basis for hotels to use technology infrastructure to identify, differentiate, interact and customize their services to customers to enhance customer loyalty. Thus, this theory is suited to best explain the role of the independent variables (technology infrastructure, Service quality, personalization of services and customer orientation) on the dependent variable Customer loyalty.

2.2.2 Social Exchange Theory

Social exchange theory also seeks to explain what motivates actors to behave as they do (Thibaut & Kelley, 1959; Blau, 1964; Kelley & Thibaut, 1978). The Social Exchange Theory views interpersonal interactions from a cost-benefit perspective, much akin to an economic exchange except that a social exchange deals with the exchange of intangible social costs and benefits (respect, honour, friendship, and caring) and is not governed by explicit rules or agreements. Like economic exchange, social exchange assumes that individuals take part in an exchange only when they expect rewards from it to justify the costs of taking part in it (Bailey, 2008).

King and Burgess (2008) describe a quasi-experiment whereby they contrasted the outcomes of two CRM implementation projects. In one project, the CRM project

organization reacted rapidly and constructively to users' request for bug fixes and software changes, in the other project the response was slower and less helpful. Their hypothesis was that this perceived responsiveness would lead to increased cooperative intentions on the part of the users which, in turn, would increase software configuration correctness leading to greater "user approval" of the CRM system. The experiment results supported this hypothesis – namely that the social exchanges between the users and the project team were more positive, from a user perspective, in the first project – the project team were seen to "care" more for their users and to be providing them with a better-customised solution than in the second project.

Underlying all social exchanges is a degree of exposure: often one party is more vulnerable than the other, sometimes both are equally vulnerable. Top management may feel vulnerable in their dealings with vendor sales staff. Management is unlikely to be familiar with the software or to have used it before. They may not comprehend fully the degree of organizational change implicit in the adoption of the new system. Similarly, the project champions, key figures in the communication of the CRM strategy, will be asking of top management: what are the explicit and implicit rewards being promised for our commitment to this (time consuming) role? And, as King and Burgess (2008) showed, the departmental users will be having social exchanges with the project organization and asking: how responsive are they? Do they really understand our concerns? Do they fulfill their promises to us? Whilst formal contracts can be drawn up to address some of these concerns, the sheer complexity of social relations surrounding an organizational innovation as large and

as complex as a new CRM system means that all stakeholders are likely to be exposed at times to unsatisfactory social exchanges and to deficits in social capital.

The importance of the theory to the study emanates from the fact that, the theory implies that human interaction is a purely rational process that arises and leads to economic success where both the client and the business benefit. The theory favours openness as it was developed in the 1970s when ideas of freedom and openness were preferred. The theory assumes that the ultimate goal of a relationship is intimacy. The variable customer orientation is based on this theory because the theory is clearly based on intimacy on social cost benefit of each customer.

2.2.3 Social Network Theory

Barnes, (1954) Social Network Theory views social relationships in terms of nodes and ties. Nodes are the individual actors within the networks, and ties are the relationships between the actors. There can be many kinds of ties between the nodes. In its most simple form, a social network is a map of all of the relevant ties between the nodes being studied. The network can also be used to determine the social capital of individual actors. These concepts are often displayed in a social network diagram, where nodes are the points and ties are the lines.

Barnes, (1954) the power of social network theory stems from its difference from traditional sociological studies, which assume that it is the attributes of individual actors (friendly, unfriendly, smart or dumb) that matter. Social network theory produces an alternate view, where the attributes of individuals are less important than

their relationships and ties with other actors within the network. Social networks have many benefits which include knowledge sharing, improved feedback/service and improved market and sales (Avanade, 2008). From the organizations' viewpoint, use of social network channel can enhance long term relationships with customers (Cheung, Chiu, & Lee, 2010, Cheung & Lee, 2009,). Social network is used to gather information from customers, analyze customer information, and respond to customers faster. Prior research on social network has mainly focused on individual perspectives such as the impact of social influence, social presence, behaviour and benefits (Cheung, Chiu & Lee, 2010, Cheung & Lee, 2009).

Customer loyalty is based on the link between the nodes and ties. The Social Network Theory is therefore suited to study if gathering information from customers, analyzing customer information, and responding to customers faster can lead to customer satisfaction, repeat customers and current customers referring new customers to the hotel industry.

2.2.4 The Value Disciplines Model

Michael Treacy and Fred Wieserma's "Value Disciplines Model" is an important strategic framework for market positioning which has the following three positioning strategies: operational excellence, product leadership and customer intimacy. Customer Relationship Management can be strategically embedded particularly in two of the three value disciplines: operational Excellence and customer intimacy. With operational excellence, firms aim to have economical, efficient processes resulting in delivered values to customers like low prices and service convenience

(Pokharel, 2011). Firms applying customer intimacy focus on knowing the customer and building close relationships with these customers. Customer Relationship Management is often solely related to the customer intimacy value discipline. If CRM is embedded in a customer intimacy strategy, then CRM will be relationship-oriented. Firms embedding CRM in an operational excellence strategy focus on cost reductions and raising the quality of the customer interaction process through process improvements (Parvatiyar & Sheth, 2011). The model in this study is a basis for personalization of services to achieve service convenience. Customer orientation can also be achieved which would lead to customer intimacy as stipulated in the model. The model thus serves as a basis to find out if customer orientation and personalization of services have a role to play on customer loyalty.

2.2.5 The Lehtinen and Lehtinen Service Quality Model

Lehtinen and Lehtinen (1985) describe the nature of services in terms of predetermined service quality dimensions. The model provides two approaches; the two and three dimensional approaches to service quality. The two-dimensional approach describes service quality from the consumer's perspective. The two dimensions of this approach are process and output quality. The concept of process quality proclaims that service quality and consumption cannot be separated, as the client is actively involved in the production process. Process quality refers to the client's qualitative evaluation of his/her involvement in the production - service delivery – process (Rauyruen & Miller, 2007).

According to Rauyruen and Miller (2007) study that sought to establish how relationship quality can influence customer loyalty, supported this theory in that trust, commitment, satisfaction and service quality can reasonably explain the influence of overall relationship quality on customer loyalty. The client observes the service delivery process and identifies him/herself with the process. The level of process quality will depend on the extent of involvement, of both the service provider and the client, in the service delivery process (Wilson, Zeithaml, Bitner & Gremler, 2012).

The three-dimensional approach describes service quality in terms of physical quality, interactive quality and corporate quality. Physical quality refers to the quality of the resources and facilities used for service delivery (Collier, Joel, Carol & Bienstock, 2006). Interactive quality is the result of interaction between the client and the interactive elements. The corporate quality of a firm refers to the quality perception among its clients built over an extensive time period. The Lehtinen and Lehtinen (1985) model views corporate quality as the only quality dimension that clients can evaluate before service purchases. It is important to take note of the interdependency of these three dimensions. This theory forms the basis of the variable service quality and is used to find out the role of service quality on customer loyalty.

2.3 Conceptual Framework

Kombo and Tromp (2009), define a concept as an abstract or general idea inferred or derived from specific instances. The scholars further define a conceptual framework

as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. The goals of a conceptual framework are threefold. Firstly, to describe existing practice, secondly, to prescribe future practice; and thirdly, to define key terms and fundamental issues. A conceptual framework aims to broadly define a number of key terms and concepts that can be used in identifying and debating the issues. The dependent variable is the variable that the researcher wishes to explain and is also called the criterion or predictor variable (Mugenda, 2008).

The conceptual framework developed for this research is intended to assist the researcher to develop awareness and understanding of CRM in the hotel industry in Kenya and to communicate it. The framework has been adopted for its potential usefulness as a tool to assist the researcher to make meaning of subsequent findings. The conceptual framework is therefore based on four explanatory variables, and one dependent variable as shown diagrammatically in Figure 2.2 that illustrates the conceptualized relationship between the explanatory and dependent variables.

Independent Variables

Technology Infrastructure		
• Technology Systems		
• Security systems		
• Staff technology skills		

Dependent

Variable

Service Quality
• Tangibility
• Reliability
• Responsiveness

Customer loyalty
• Loyalty Programmes
• Repeat Purchase
• Referred New Customers

Personalization
• Guest Intimacy
• Specialized Services
• Complimentary Services

Customer Orientation
• Customer Needs Identification
• Customer Involvement
• Customer Complaints
• Channels of Resolution

Figure 2.2: Conceptual Framework

2.3.1 Technology Infrastructure

The changing face of technology has played an integral role in the development of the hotel and restaurant industry (Koutroumanis, 2011). The hotel industry is having challenges in keeping up with the dynamic technological environment and is not investing sufficiently in CRM technologies that enhance well-built relationship between companies and their customers (Seyed, Farzana, Ahasanul, & Ali, 2011).

Many companies are having trouble in retaining their existing customers and it is getting even harder to create customers that are loyal to a particular company.

Current economic conditions have had a dramatic, negative financial impact on the hospitality industry (Brandau, 2009). Consumer behavior patterns have been changed for multiple reasons, including high levels of unemployment, a deep recession, and overall fear of what the future holds. Hoteliers and restaurateurs will need to look at various strategic vehicles to build and regain customers. The rapid growth of information technology (IT) has not only changed the ways that information is collected and used, but also the ways in which businesses are conducted. The next step in this trend will be to use customer relationship management infrastructure to find out what customers value and tailor the service to their particular needs (Montgomery & Smith, 2009).

Elkordy (2014) posit the introduction of CRM software tools enabled the tracking, capture, and analysis of customer activities across different contact points and led the shift from segment-centric marketing to customer-centric marketing making it possible for organizations to increase customer loyalty while keeping marketing cost low. Piccoli (2008) says that tapping into customers' needs through the use of information technology can be instrumental in building loyalty and gaining competitive advantage. Identifying patterns of current and potential customers and servicing their needs is one way that organizations are attempting to use information as a leverage tool against competitors. Proactive identification and implementation of these technologies can help in building a sustainable competitive advantage.

The hotel industry has invested a lot in technology. However, Dixon (2009) says that when adopting technology-based service innovations, they must consider not only

the costs and benefits of that technology, but also customers' reactions to the procedural changes accompanying the innovation. Technology that damages customer satisfaction may not be worthwhile. In the highly competitive environment, hotels are using technology for competitive advantage. The use of self-service technologies in the hotel industry has grown considerably, especially in the areas of self-check-in and in-room check-out, (Dixon, 2009; Kasavana, 2008).

Hotels are currently utilizing kiosks and other self-service technologies (Carlin, 2007). Kim, Farrish & Schrier (2013) says that wireless technologies have experienced an unprecedented growth despite the rising concerns about security issues. Some of the most significant IT applications involve the use of mobile handheld devices, such as personal digital assistants (PDA), tablet PCs and cellular phones. Additionally, one of the most common wireless technologies impacting the hotel industry is Wi-Fi. This allows hotel customers to access the Internet from a bar, restaurant, lobby or guest room.

Some hotels have adopted cashless payment systems while other hotels use the biometric systems such as fingerprints, iris scans, facial scans or hand geometry analysis systems to increase physical or data security, (Warren, 2010). The hotel customers have very high expectations on the type of entertainment technologies in the hotel rooms (Beldona, & Cobanoglu, 2007). As such the number of technological devices being utilized in hotels rooms for guest entertainment is becoming increasingly diverse. Hotel managers have come to expect benefits from this technology in the form of enhanced customer services, operational efficiency,

customer attraction and loyalty; however the technologies are changing at a very fast rate and proving to be very costly.

The study hypothesizes that:

$H_0 1$: Technology infrastructure has no significant effect on customer loyalty in the hotel industry in Kenya.

2.3.2 Service Quality

Service is at the top of guests' expectations, yet few companies offer exceptional service. World-class service does not just happen; training is important in delivering the service that guests have come to expect (Walker, 2016). Suhartanto (2011) reported that there are numerous studies, mostly conducted in developed countries, which examined service quality as the determinant of customers' brand loyalty in the hotel industry. Service quality has been found to relate to behavioural outcomes, especially in the form of word of mouth, complains, recommendation and switching of brands, (Al – Rousan & Mohamed, 2010).

It is widely acknowledged that efforts to define and measure the quality of products have been more successful than the definition and measurement of service quality (Mudie & Cottam, 2009). Quality occurs during the interaction between the client and the service provider. Therefore, the level of service quality perceived is quite subjective and depends on the client's influence and participation in the service delivery. As global competition and market consumption change in the growing service sector, quality plays an increasingly essential role in both attracting and

retaining service customers (Helms & Mayo, 2008). Generally, perceived service quality is positively related to the likelihood of organisations retaining their customers, (Anton, Camarero, & Carrero, 2007).

There have been contradictory findings regarding the relationships between service quality and customer loyalty. Kim, Jin-Sun & Kim (2008) and Kandampully and Hu (2007) did not find a significant relationship between service quality and brand loyalty. Kayaman and Arasli (2007) reported that only tangible and responsiveness dimension has significant effect on customer loyalty. Chitty, Ward and Chua (2007) found significant and positive association among perceived service quality with customer loyalty.

The study hypothesizes that:

H$_0$2: Service quality has no significant influence on customer loyalty in the hotel industry in Kenya.

2.3.3 Personalization of Services

In the hotel industry the basic products (rooms) are very similar, when comparing the same quality level the customer focuses are on soft factor like personal treatment, personalization, one to one marketing and attention by the hospitality professions, (Banga et al., 2013). A long term thinking organization should use its customer database to maximize the personalization of services to customers, (Roberts-Lombard, 2012). Personalization is the procedure of collecting customers' information which helps the firm to create products and services that perfectly

31

provide the customer's desires and needs, Nunes and Kambil (as cited in Halimi et al., 2011).

Halimi et al. (2011) explain that nowadays, many companies take advantage of personalization in order to increase their loyal customers particularly in services industry. They use personalization as a tactic and try to enhance the customers' satisfaction in order to make more profit. Organizations use personalization to take advantage of customer's information which was previously gathered and use it to determine the most appropriate marketing mix for every individual customer (Casadesus-Masanell & Ricart, 2010). Shen and Dwayne (2009) say that a personalized service is often considered an unalloyed good. Adjusting and modifying the service, and making personalized recommendations, is simply considered a way to greater customer satisfaction.

Felipe - Scavarda, Reichhart, Hamacher and Holweg (2010) give an example of how General Motors superseded Ford Motors as the USA's largest automobile manufacturer seventy years ago. This was because Ford produced cars in one colour only while General Motors offered the customer more colour options. Today, automobile manufacturers offer the customer a wide variety of options for many features on each model. Some formerly mass produced products are now mass customized, and more such personalized products can be expected in the future.

In contrast to products, however, nearly all services have been in some sense personalized since their inception, offering the customer a wide variety of options,

from legal services (entirely personalized), to higher educational services (partially personalized), to fast food (slightly personalized). Some services, such as hair dressing for women, are so highly personalized as to form a significant part of the customer's life satisfaction (Price & Arnould, 2009). Therefore, this implies that the hotel industry should offer the right product or services to the right person in order to retain their customers.

The study hypothesizes that;

$H_0 3$: Personalization of services has no significant influence on customer loyalty in the hotel industry in Kenya.

2.3.4 Customer Orientation

Customer orientation is intended to strengthen long-lasting customer satisfaction and to increase customer loyalty. Al – Azzam (2016) purports that the customer-orientation strategy is one of the best resources to improve customer satisfaction and increase business profits making it a very important dimension of CRM. Organizations must therefore have a customer-centric culture to implement CRM successfully and consequently develop a competitive advantage. Bang and Kim (2013) view customer orientation as the customers' perception of the firm's atmosphere and culture to understand customers' needs. As such, if customers perceive that employees try to understand and help the customers, it is expected to lead to customer Satisfaction and Commitment. Also, it is also possible that customers would be more committed if customers perceive that the firm tries to learn about them to improve the service.

Abdullateef et al. (2010) state that customer orientation is a type of organizational orientation where the customer needs serves as a basis upon which an organization plans and designs its strategies. Yueh et al. (2010) further add that any organization that adopts the customer orientation approach is more likely to establish the required customer quality, increase customer satisfaction and achieved the desired organizational objectives more efficiently than its competitors. The main determination of customer oriented behaviour is to increase customers' long-lasting satisfaction leading to customer loyalty in the organisation. Customers are active participants in the service process and development, which may contribute to the process of innovation in the service industry. On the other hand, the critical role of employees who are in the front line of organizations should not be ignored (Tajeddini, 2010).

Tajeddini (2010) says that for an organisation to gain competitive advantage and retain their customers, employees should be empowered with the following characteristics: ability to clearly identify and focus on customer needs and wants, be actively involved with the customers by listening and interacting with them, to develop appropriate and/or new solutions to complaints raised by customers and be, task orientation, responsible, feedback oriented, flexible and committed to the organization. Therefore, customer orientation is considered an important tool for achieving high customer loyalty levels in hotels.

The study hypothesizes that:

H_04: Customer orientation has no significant effect on customer loyalty in the hotel industry in Kenya.

2.3.5 Customer Loyalty

The term customer loyalty is not only about customers doing a particular company a great service by offering favourable word of mouth publicity regarding a product/service, telling friends and family, but also, it is a process, a program, or a group of programs geared toward keeping a guest happy so that he or she will provide more business (Peppers & Rogers, 2016). Iglesias, Singh and Batista - Foguet (2011) mentioned that loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations. The ultimate goal is to develop happy customers who will in return re- purchase and persuade others to use that company's products or services.

Building customer loyalty leads to positive outcomes such as augmented sales, a reduction in costs, more foreseeable profit flows, increased competitive advantage and is critical to a firm's survival and growth (Knox, Payne, Ryals, Maklan, & Peppard, 2007). This is consistent with customer relationship management (CRM) theory which argues that a firm's overriding strategy should be the attraction and retention of profitable customers, because loyal customers will, in the long-term, buy more and pay a premium for doing business with those they trust and like (Peppers & Rogers, 2016).

Loyal customers are those who are not easily swayed by price inducement from competitors, and they usually purchase more than those less loyal customers. However, there are many factors for such manner of customers to remain loyal. Geronikolas (as cited in Poku, Zakari & Soali, 2013) reports that the five factors in

the hotel industry that are most likely to drive customers away include untrained and perceived rude staff; lack of cleanliness around the premises, in hotel rooms or within its restaurants; the guest's desire to experience new places (need for change); price, affordability, and value for money. Overall, hotel food and beverage standards appear as the most important in hotel tangibles and seem to be becoming increasingly significant in creating both a loyal base of satisfied customers and driving dissatisfied customers away. Other factors that appear frequently as elements driving business away are the actual hotel room (state, comfort, air condition or heating facilities), bad service issues concerning the hotel's reliability (delivering promised services, accurately and consistently), managerial behaviour towards special needs and situations that may occur, problems occurring with other guests (the general ambience the hotel's other customers create) and noise within the hotel or surroundings.

2.4 Empirical Literature Review

ElKordy (2014) explored the impact of CRM capability dimensions on organizational performance. He studied the four major dimensions of CRM namely: CRM technology, CRM processes, CRM orientation and CRM organization and found out that all the CRM dimensions showed significant relationship to performance. However, when all impacts were considered simultaneously, CRM organization emerged as the only significant predictor of performance.

The study on the Conditions for CRM success in Zimbabwe's Hospitality sector by Kumbirai and Nyasha (2014) investigated the conditions necessary for CRM success

in a Hospitality sector that is failing to retain and attract clients due to economic instability and a decade of political turmoil. The study concluded that the need to promote technological integration in the business of the hospitality sector and promote a CRM strategy that takes cognizance of customer needs is necessary as a drive towards better business performance.

Mohammed et al. (2014) carried out a study on Customer Relationship Management (CRM) in the Hotel Industry focusing on the Relationship among CRM Dimensions, Marketing Capabilities and Hotel Performance. The study attempted to provide a value conceptual model that explains the theoretical linkages existing between CRM dimensions and hotel performance. They found out that there was a firm relationship between CRM Dimensions, Marketing Capabilities and Hotel Performance.

Kapiki (2012) analysed the current and Future Trends in Tourism and Hospitality: The Case of Greece. The study identifies some of the current and future trends affecting the tourism and hospitality industry, including globalization, guests' safety and security, the importance of offering outstanding services, the new technologies that enhance competitiveness, the demographics of the population that impacts directly on tourism demands and the correlation between price and value. The study found out that technology is a driving force of change that presents opportunities for greater efficiencies and integration for improved guest services. Effective use of information technology can make significant operational improvements by providing higher quality customer service.

Suhartanto (2011) in his study an Examination of Brand Loyalty in the Indonesian Hotel Industry aimed to gain an understanding of the dimensionality and determinants of brand loyalty. The study proposed that service quality, perceived value, customer satisfaction, and brand image directly and indirectly affect brand loyalty. The findings showed that guests of international hotels perceived higher levels of service quality, perceived value, customer satisfaction, brand image, and brand loyalty compared to guests of domestic hotels.

Malik, Naeem and Nasir (2011) carried out a study on hotel service quality and brand loyalty. They investigated the customers' perceptions on service quality dimensions and how this impacts on their hotel brand loyalty in Pakistan. The study concluded that customers' perceptions regarding hotel brand quality dimensions such as "tangibles", "reliability" and "empathy" contributed to build their brand loyalty. The hotel tangibles predicted relatively stronger brand loyalty than did reliability and empathy perceptions. The study recommended that hotels need to develop a unique ambiance, an exclusively tangible atmosphere and a service delivery ensuring empathy and reliability. The staff's politeness, responsiveness, timely service and empathy also plays a strong positive role in instigating a sense of belongingness in the customers; which means a strong brand loyalty because employee's behavior and attitude shape customers' overall perceptions about the brand.

Boakye (2011) in her study an analysis of customer relationship management practices of some selected hotels in the Kumasi Metropolis sought to find out the problem of inadequate service delivery in hotels which were not helping customers'

expectations to be met. The study revealed that the hotel industry is saddled with the problem of lack of qualified personnel, lack of management commitment and experienced personnel to manage the hotels effectively whereas Customer Relationship Management is about the improvement of services.

Bertilsson and Persson (2011) in their study on how to create loyal visitors in Hotel businesses aimed to provide an understanding for organizational factors effect on CRM in the hotel business and then investigate CRM activities effect on loyalty among business travelers. The study found out that organizational factors such as: size, strategy, and maturity of information system affect CRM activities where the development of a customer loyalty strategy affects CRM activities the most. CRM activities as: bonus cards, service customization, free-gifts, and convenient check in/check outs affect loyalty where service customization affects loyalty the most. They concluded that different organizational preferences and certain CRM activities are preferable as hotels strive to create loyalty among business travelers.

Shen and Dwayne (2009) in their study is personalization of services always a good thing? Exploring the role of technology-mediated personalization (TMP) in service relationships aimed to explore the growing area of technology-mediated personalization and its effects on customer commitment to service relationships. The study concluded that personalization is not always good enhancement to service: its effects have contingencies and vary across the categories.

Brewer, Kim, Schrier and Farrish (2008) in the study current and future technology use in the hospitality industry attempted to identify the technology information gaps among hotels that were members of the American Hotel & Lodging Association (AH & LA). The study targeted hotel operators, to determine its level of knowledge of currently available information technology (IT) systems, gauge the understanding of future IT requirements in the hotel industry, and gain an understanding of the IT needs of the hotel industry. They found out that using technology to enhance the guest experience and increase revenue will be the focus in the future. Technologies important to the guests were Wi-Fi access, entertainment systems and kiosks to print airline boarding passes. The hoteliers also felt that the use of technology also generate revenue.

2.5   Critique of Existing Literature

The concept of CRM means different things to different people; depending on the working environment. Undoubtedly, CRM has recently become one of the most controversial issues and a focal-point in the business field (Balaram & Adhikari, 2010). There is a general consensus that successful implementation of CRM strategy will be of great benefit to the organizations adopting it. Such organizations can reap the benefits of increasing sales through better market segmentation, customizing products and services, obtaining higher quality products and services, gaining access to information and above all, ensuring long-lasting customer-retention and loyalty (Almotairi, 2009).

The study by Mohammed et al. (2014) aimed at clarifying the relationship between the behavioral dimensions of CRM which include key customer focus, CRM organizations, Knowledge management and technology -based CRM. The study used the Balance Score Card (BSC) dimension to evaluate hotel performance. The study provided a theoretical model to show the firm relationship between CRM dimensions, marketing capabilities and hotel performance but did not test the proposed model empirically to establish the relationship between the CRM dimensions and the hotel performance. The study fell short of establishing which dimension affected the hotel performance more than the other.

Organizations are required to integrate technology to improve the capabilities of understanding customer behaviour, develop predictive models, build effective communications with customers and respond to those customers with real time and accurate information (Kumbirai & Nyasha, 2014). Dixon (2009) however had warned that organizations should be very careful to consider not only the costs and benefits of that technology. Technology may actually erode the other dimensions of CRM.

Scholars have reported divergent views on the success of technology as a CRM dimension. Wu and Lu (2012) reported that CRM processes mediate the effects of IT on CRM performance while Garrido-Moreno et al. (2014) report that CRM technology infrastructure showed no direct influence on organizational performance. Elkordy (2008) found that CRM data warehousing and analytical data tools positively influence financial performance. They also reported a positive influence of

CRM implementation on customization activities. Papastathopoulou, Avlonitis and Panagopoulos (2007) state that the use of CRM technology resulted in higher customer satisfaction and that ICT diffusion showed a positive effect on marketing and financial effectiveness. Nakata and Zhu (2007) found that IT capability moderates the influence of customer orientation on performance.

2.6 Summary of Literature Review

The study is based on three theories and two models. The Identify, Differentiate, Interact and Customise (IDIC) Theory was developed by Peppers and Rogers (2004). The IDIC model suggests that companies should take the four actions, identify, differentiate, interact and customize, in order to build closer one-to-one relationships with customers. The Social Exchange Theory views interpersonal interactions from a cost-benefit perspective, much akin to an economic exchange except that a social exchange deals with the exchange of intangible social costs and benefits (respect, honour, friendship, and caring). The Social Network Theory by Barnes (1954) views social relationships in terms of nodes and ties. Nodes are the individual actors within the networks, and ties are the relationships between the actors. Social networks have many benefits which include knowledge sharing, improved feedback/service, improved market and sales (Avanade, 2008). Social network is used to gather information from customers, analyse customer information, and respond to customers faster.

The two models are The Value Disciplines Model by Michael Treacy and Fred Wieserma and The Lehtinen and Lehtinen Service Quality Model. The Value

Disciplines Model is an important strategic framework for market positioning which has the following three positioning strategies: operational excellence, product leadership and customer intimacy. Customer Relationship Management can be strategically embedded in operational Excellence and customer intimacy but is solely related to the customer intimacy value discipline. Firms applying customer intimacy focus on knowing the customer and building close relationships with these customers.

The Lehtinen and Lehtinen Service Quality Model describe the nature of services in terms of predetermined service quality dimensions. The model provides two approaches, namely the two and three dimensional approaches to service quality. The two-dimensional approach describes service quality from the consumer's perspective. The two dimensions of this approach are process and output quality. The three-dimensional approach describes service quality in terms of physical quality, interactive quality and corporate quality (Lehtinen & Lehtinen, 1985).

Empirical literature review suggest that in the present dynamic and competitive business environment, CRM is one of the strategies that organizations can employ in order to improve processes, attract new customers and retain the existing ones leading to improved organizational performance. Businesses are increasingly recognizing customer customer retention in the hotel industry a as a path to enhanced profitability in the long term. It is considered as an important key to organizational success and profit. Since, finding new customers and doing business needs time, effort and money, the cost of attracting a new customer is five times more than the

cost of retaining an existing customer. Although companies are realizing the value of keeping customers loyal, what is more important is to know how to do it. Companies measure customer satisfaction, and hope that high customers' satisfaction scores leads to their loyalty. But even satisfied customers leave for the attraction of a competitor's offer.

2.7 Knowledge Gap

Studies carried out the CRM strategy have indicated that employing the CRM strategy is beneficial to any organization in this era of high competition and a volatile business environment. This is supported by researchers like Al Azzam (2016); Banga et al. (2013); Bartholome (2013) and Boakye (2011).

Several studies have been done on CRM as well as CRM dimensions. Banga et al. (2013); ElKordy, (2014); Kumbirai and Nyasha (2014); Mohammed et al. (2014) among others all researched on the CRM strategy on organizational performance. Other researchers including Brewer et al. (2008); Dixon (2009); Kapiki (2012) all studied Technology based CRM while many others carried out research in other industries like the banking industry and call centers (Omenye, 2013; Appiah & Doku, 2010; Tanui, 2007)

CRM initiatives still face high failure rates ranging between 50-70 per cent (Awasthi & Sangle, 2012). Coltman (2007) attributes this failure to the high emphasis on CRM as an IT initiative and ignoring the other dimensions of CRM. The CRM dimensions are not a very new and have been adopted by many organisations. However, the

CRM success has not been felt especially in the hotel industry in Kenya evidenced by the consistent reduction of the number of customers, the study sought to fill the gap created by lack of sufficient studies on CRM in the hotel industry and especially on its role in ensuring organisations retains their customers.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design and the methodology that was used to achieve the research aim and objectives. The research design is discussed and the justification for the chosen design, the target population, sampling frame, sample size and sampling technique, data collection instruments, data collection procedures, Pilot testing, data collection procedures and data analysis and presentation were given.

3.2 Research Philosophy

Research philosophy relates to the development of knowledge, the nature of that knowledge and contains important suppositions on the way in which researchers view the world. It is examined in two ways; ontology and epistemology. Ontology is the pre- methodological question that asks how we comprehend the social world. It is based on the reasoning that, because of our gender, age, upbringing and life experience, we all view those around us with distinct ways (Eriksson & Kovalainen, 2015). There exist three epistemology positions, that is, realism, interpretivism and positivism. Realism purports to provide an account of scientific practice, and interpretivism requires the social scientist to grasp the subjective meaning of social action (Becker & Niehaves, 2007).

This study adopted the positivism approach. A positivist research approach aims to discover universal laws that can be used to envisage human activity (Easterby-Smith, Thorpe & Jackson, 2012). As this paradigm gives prominence to a value free

view of science, it is frequently associated with quantitative methods that rely on the researchers' ability to amass numerical evidence of the phenomena under investigation and analyse it to answer the research questions (Salkind, 2010). Inferable reasoning is commonly applied in the positivist paradigm. This type of reasoning begins with a theory underlying the research hypothesis and uses empirical evidence to test the hypothesis (Bryman & Bell, 2015). Positivism describes the research task as involving the collection of data upon which to base generalizable propositions that can be tested (Bryman & Bell, 2015). Positivism approach will be adopted to collect all the facts and figures that are associated with the role of CRM Dimensions on customer managing customer retention in the hotel industry in Malaysia. in the hotel industry in Kenya. Mohammed et al., (2014) adopted a positivism approach in his study on CRM in the hotel industry focusing on the relationship among CRM dimensions, marketing capabilities and hotel performance.

3.3 Research Design

The study was a mixed method research based on the non- experimental cross-sectional survey design of selected hotels and lodges in Kenya. Mixed methods research allows a researcher to blend the elements of qualitative and quantitative research approaches (Johnson, Onwuegbuzie & Turner, 2007). The use of mixed methods research allows the researcher to recompense for the weakness of one single approach with the strengths of the other in order to attain the best results (Creswell, Klassen, Clark & Smith, 2011). Elebiary (2012) used the mixed method research in his study 'Drivers of guest loyalty in the hotel industry in New Zealand: The role of

staff loyalty, service quality, guest satisfaction and commitment, and the influence of loyalty programmes.'

The non - experimental cross sectional survey design is deemed appropriate because it accords the researcher a prospect to collect data from the respondents at a point in time and provides data that objectively shows whether significant associations among variables exist, (Blumberg, Cooper & Schindler, 2014; Muganda, Sahli & Smith, 2010). A non – experimental study is any quantitative study without manipulation of variables.

Cross sectional surveys have been ascertained to be robust in relationships studies given their ability to capture the population characteristics in their free and natural occurrence (O'Sullivan & Abela, 2007). Harlow (2014) asserts that cross sectional surveys are versatile in nature and therefore give accurate means of evaluating the information while enabling the researcher to confirm whether or not there are significant causalities among the variables. The cross sectional survey design also helped collect uniform and comparable data that captures respondents' similarities and differences across the sampled organizations to enrich the study findings. This design was therefore in tandem with the philosophical orientation, purpose and scope of the proposed study. It is expected that this design will support the study's desired objectivity and allow the logistical flexibility required for data collection and data analysis (Blumberg et al., 2014).

3.4 Population

Blumberg et al. (2014) describes population as all the elements that meet the basis for inclusion in a study. There are two types of population: the target and the accessible population. Target population consists of all members of a real or hypothetical set of people events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Gall, Gall, & Borg, 2014). The accessible population in this study comprised of all hotels and lodges listed in the Kenya Association of Hotel Keepers and Caterers (KAHC) Guide 2015. The hotels are listed in Appendix IV.   For the purposes of this study, the respondents comprised of employees in the middle or senior level of management within the Customer Relationship Department in the hotels and lodges or their equivalent.

3.5 Sampling Technique and Sample Size

The study employed the Census technique when selecting the hotels for the study. The accessible population of this study was the 147 hotels and lodges which are members of the Kenya Association of Hotel keepers and Caterers (KAHC, 2015 guide). The study used the entire population. Cochran (2007) states that although cost considerations make census technique impossible for large populations, a census is attractive for small populations of 200 or below. He further says that a census eliminates sampling error and provides data on all the individuals in the population. Saeednia, Dastjerdi & Jafari Sohi (2012) used the census approach in their study titled Prioritization of effective factors on CRM implementation in the Parsian International Hotels.

The study then used purposive sampling when it came to the selection of the respondents. Ritchie, Lewis, Nicholls & Ormston (2013) state that purposive sampling involves choosing members of a sample to represent a location or type in relation to a key criterion to ensure relevance to the subject matter covered. The respondents were the 147 Customer Relationship Managers in the hotels and lodges or their equivalent as the unit of analysis, assuming one CRM manager per hotel or lodge. Bartholome (2013) in his study on the assessment of customer Relationship management strategies used by tourists' hotel and case study Dar es Salaam used purposive sampling to select the respondents in the study.

3.6 Data Collection Instruments

In this study, a structured questionnaire with a five-point Likert scale was used to gather the data. Saunders, Lewis and Thornhill (2009) point out that because each respondent is asked to respond to the same set of questions; it provides an efficient way of collecting responses from a large sample prior to quantitative analysis. Mugenda (2008) agrees that the questionnaire has various merits; there is low cost even when the universe is large and is widely spread geographically, it is free from the bias of the interviewer, answers are in respondents' own words, respondents have adequate time to give well thought out answers, respondents who are not easily approachable can also be reached conveniently, large samples can be made use of and thus the results can be made more dependable and reliable. Assimakopoulos, Papaioannou and Sarmantiotis (2011) used the questionnaire in their study on the contribution of CRM marketing variables towards improving company's performance and Sophonthummapharn, (2008) has used the questionnaire in his

study on a comprehensive framework for the adoption of techno-relationship innovations: Empirical evidence from eCRM in manufacturing SMEs.

In view of the advantages and the need to gather more information, a combination of open and closed ended questionnaire was administered to hotel managers and customer relationship managers in the hotels participating in this study. Closed ended questions used the five point Likert scale measurement so that the variables could be ranked to measure the degree of agreement or disagreement of the respondents. Khan (2013) in his study Determinants of Customer Retention in the Hotel Industry used the five point likert scale in the questionnaire.

3.7 Data Collection Procedure

The questionnaire was administered by the help of research assistants. Blumberg et al. (2014) support the use of the questionnaire over personal interviews since self-administered surveys essentially cost less. One hundred and forty seven questionnaires were administered to one manager from each of the 147 hotels and lodges in the study. Due to the confidentiality and sensitivity of the information sought, the questionnaire was designed in a manner that the respondents were not obliged to reveal their names nor their hotel names.

3.8 Pilot Test

In order to check the validity and reliability of the questionnaire in gathering the data required for purposes of the study, a pilot study was carried out. A pilot test is a method that is used to test the design or methods and/or instrument before carrying

out the research. It involves conducting an initial test of data collection instruments and processes to identify and eradicate errors. The purpose of pilot testing was to establish the accuracy and appropriateness of the research design and instrumentation (Saunders et al., 2009). Blumberg et al., (2014) state that the purpose of pilot testing is to detect weaknesses in design and implementation of the instruments and to provide proxy for data collection of a probability sample. Sekaran (2008) reinforces that by asserting that pilot testing is necessary for testing the reliability of instruments and the validity of a study. Since researchers seek to make research questionnaires consistent, clear, and understandable by all, it was therefore prudent that reliability and validity of the questionnaire were measured.

Blumberg et al., (2014) state that the size of a sample to be used for pilot testing varies depending on time, costs and practicality, but the same would tend to be 5-10 per cent of the main survey. Blumberg et al., (2014) state that the respondents in a pilot test do not have to be statistically selected when testing the validity and reliability of the instruments. In this study, the data collection instrument, which was a questionnaire, was tested on 10% of the questionnaires to ensure that it was relevant and effective. Therefore, 14 questionnaires were piloted to respondents not part of the sample.

Mwangeka, Mjomba, Omindo and Nyatichi (2014) in their study on strategies influencing customer retention in the hotel in Mombasa County conducted a pilot test to enhancing the validity and reliability of the questionnaire. Suhartanto (2011) conducted a pilot test to ascertain reliability of the research instrument in his study

on an examination of brand loyalty in the Indonesian hotel industry. Wang (2007) in his study on relationship, loyalty, and marketing, a correlation study of Taiwan hotel customers' perspectives used pilot testing to establish both reliability and validity of the research instruments using focus groups.

3.8.1 Validity

Validity refers to whether a questionnaire is measuring what it purports to measure (Bryman & Bell, 2015). Frankfort-Nachmias and Nachmias (2007) describe validity as the degree of congruence between the explanations of the phenomena and the realities of the world. While absolute validity is difficult to establish, demonstrating the validity of a developing measure is very important in research (DeVellis, 2016). This study used both construct validity and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assessed information for a specific objective, and also ensured that the same closely ties to the conceptual framework for the study. Establishing construct validity is a process that involves the verification of predictions made about the test scores. Factor analysis is one of the commonly used statistical methods of testing for construct validity. Factor analysis is a term that represents a large number of different mathematical procedures for analyzing the interrelationships among a set of variables and for explaining these interrelationships in terms of a reduced number of variables, called factors (Comrey & Lee, 2013). Factor analysis was conducted on all items for each of the study variables.

To ensure content validity, the questionnaire was subjected to thorough examination by two randomly selected hotel managers. The two managers were asked to evaluate the statements in the questionnaire for relevance and whether they were meaningful, clear and whether they were free of offensive expressions. On the basis of their evaluation, the questionnaires were adjusted appropriately before subjecting them to the final data collection exercise. Their review comments were used to ensure that content validity was enhanced.

Researchers such as Wu and Lu, (2012) in their study the relationship between CRM, RM, and business performance in the hotel industry in Taiwan used factor analysis to measure content validity of their research questionnaire. Chemengich (2013) whose study focused on managing strategic change in the public sector also adopted factor analysis to determine the validity of their research questions.

3.8.2 Reliability

Reliability is the consistency of responses; the degree to which an instrument measures in the same way each time under the same conditions (Rattray & Jones, 2007). Reliability can be computed through different methods like test- retest reliability, internal consistency reliability, and equivalent forms reliability. In this study internal consistency reliability was tested on 10% of the sample of the questionnaire to ensure that it is relevant and effective. Reliability was tested by the questionnaire being duly completed by ten managers (14) randomly selected. These respondents were not included in the final study sample in order to control for response biasness.

The questionnaire responses were fed into the statistical package for social sciences (SPSS) and Cronbach's alpha coefficient generated to assess reliability. Du Plessis and Saayman (2015) stated that when calculating Cronbach's Alpha, results not exceeding 0.60 will reflect the lower level of acceptability. Sekaran (2008) said the closer the Cronbach's alpha coefficient is to 1, the higher the internal consistency reliability. Using item inter - item correlation matrix as a guide, items that did not strongly contribute to alpha, and whose content was not critical, were eliminated (Mugenda, 2008). The reliability statistics for the questionnaire are presented in Table 4.7.

Cronbach's Alpha has been used to test for reliability of research instruments by several researchers. Wanjau, Gakure, & Kahiri (2012) in his study the Role of Quality in Growth of Small and Medium Enterprises in Kenya used Cronbach's Alpha to test for reliability. Suhartanto (2011) in his study an Examination of Brand Loyalty in the Indonesian Hotel Industry applied the Cronbach's Alphas to test the reliability of the constructs and stated that this method is the most widely applied reliability in research.

3.9 Data Analysis and Presentation

The data from the questionnaire was coded and the response on each item put into specific main themes. Qualitative data was analysed using ATLAS while quantitative data obtained from the research instruments was analyzed using Statistical Packages for Social Sciences (SPSS). Analysis of Moment Structures (AMOS) version 18 was used for Initial Explanatory Factor Analysis (EFA), Confirmatory Factor Analysis

(CFA), generation of fit models, Path Analysis and Structural Equation Modeling (SEM).

Descriptive statistics was analysed using percentages, means and standard deviation. The results were presented in tables. Means 1 > 1.5 implied no influence at all, 1.5 > 2.5 implied influence to a little extent, 2.5 > 3.5 implied influence to a moderate extent, 3.5 > 4.5 implied influence to a greater extent and 4.5 > implied that influence to a very great extent. The standard deviation on the other hand describes the distribution of the response in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation 1 > indicates that the responses are moderately distributed 1 < and near 0 indicates that there is no consensus on the responses obtained.

This study performed several tests of assumptions. The study tested for multicollinearity, presence or absence of outliers, normality, heteroscedasticity and correlation. Multicollinearity is the undesirable situation where the correlations among the independent variables are strong (Martz, 2013). To test for multicollinearity, Variance Inflation Factor (VIF) was used. If no two independent variables are correlated, then all the VIFs will be 1. If VIF for one of the variables is around or greater than 5, there is multicollinearity associated with that variable. In this case one of these variables must be removed from the regression model.

The test for outliers in the study was examined by use box-plots. The presence of outliers is detected from the Scatterplot. Tabachnick and Fidell (2013) define outliers

as cases that have a standardised residual of more than 3.3 or less than −3.3. Normality is important in knowing the shape of the distribution and helps to predict dependent variables scores (Paul & Zhang, 2009). Normality was tested using both the Shapiro-Wilk Test and the Kolmogorov-Smirnov[a] Test. If the Significant value of the Shapiro-Wilk Test and the Kolmogorov-Smirnov[a] Test is greater than 0.05 then the data is normal, if it is below 0.05 then the data is not normally distributed Heteroscedasticity means a situation in which the variance of the dependent variable varies across the data (Kleinbaum, Kupper, Nizam, & Rosenberg, 2013). The test for heterosedasticity was performed using the Breusch-Pagan Test. A p-value < 0.05 indicates that there is heteroscedasticity while a p-value greater than 0.05 indicates heteroscedasticity does not exist.

Correlation analysis was performed to test the correlation of all the variables used in the study. Correlation is often used to explore the relationship among a group of variables (Pallant, 2010). If the correlation values are not close to 1 or -1, the factors are sufficiently different measures of separate variables (Hope-Hailey, Farndale & Kelliher, 2010). Pearson correlation was used to test for correlation in this study.

Structural equation modeling (SEM) was used for model analyses using a two-phase process consisting of confirmatory measurement model and confirmatory structural model. Exploratory Data Analysis (EDA) for understanding the structure of the variable before further data analyses undertaking. SEM is a multivariate analysis technique that subsumes standard methods, including regression, factor analysis, simultaneous equations, and analysis of variance, (Bendat & Piersol, 2011). They

further add that many researchers are now going beyond traditional techniques such as EFA and regression to explore complex relationship. When data is analyzed using the SEM approach, a hypothesis is formulated and tested. Structural equation modeling has the ability to correct for measurement error and is quite flexible (Cheng & Rashid, 2013). This study used AMOS version 18 for Initial Explanatory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), generation of fit models, Path Analysis and Structural Equation Modeling (SEM). The study used t-statistics to test whether the hypothesized model was significant at 95% significance level.

The model adopted for the study was as follows:
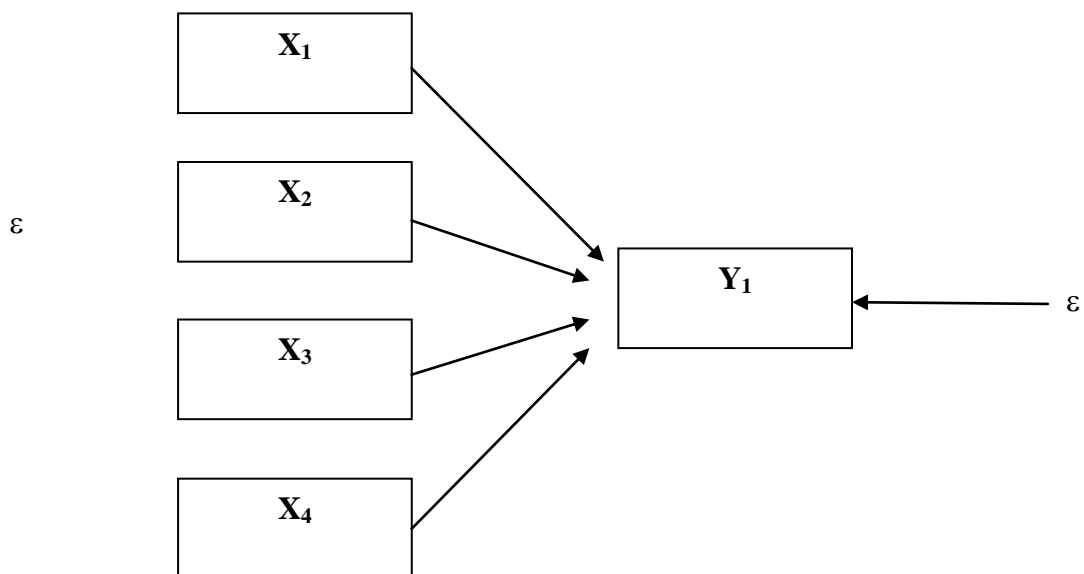
Figure 3.1: Structural Equation Model

Where: Y = Customer strategies influencing customer loyalty in the hotel in Mombasa County

X_1 = Technology Infrastructure

X_2 = Service Quality

X_3 = Personalization of Services

X_4 = Customer Orientation

ε is the error term which captures the latent variables in the model.

3.10 Ethical Considerations

This study adhered to appropriate research procedures and all sources of information were acknowledged as far as possible. Before the administration of the questionnaire, consent was sought and given by the respondents. The respondents were informed of their right not to take part in the survey. Full confidentiality was maintained especially when dealing with the questionnaire and the identity of the respondents was kept secret. Personal information was used for the purposes of the study only.

3.11 Operationalization of the study variables

Table 3.2   Operationalization of the study variables

Theory	Variable	Indicators	Item in the data collection tool
The Identify, Differentiate, Interact and Customise (IDIC) Theory	Technology Infrastructure	1. Technology Systems 2. Security systems 3. Staff technology skills	1. Question 1(a), items 1 - 10 2. Question 1(b), items 1 - 14 3. Question 1(c), items 1 - 10
The Lehtinen and Lehtinen Service Quality Model	Service quality	1. Tangibility 2. Reliability 3. Responsiveness	Question II, items 1 – 6
The Value Disciplines Model	Personalization of Services	1. Guest Intimacy 2. Specialized Services 3. Complimentary Services	Question III, items 1 – 10
The Social Exchange Theory	Customer orientation	1. Customer Needs Identification 2. Customer Involvement 3. Customer Complaints 4. Channels of Resolution	Question IV, items 1 – 10
The Social Network Theory	Customer Loyalty	1. Loyalty Programmes 2. Repeat Purchase 3. Referred New Customers	Question V, items 1 – 7

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis results and key research findings. Quantitative and qualitative analysis was undertaken. The chapter is structured as follows: presentation and discussion of the analysis of the response rate results, presentation and discussion of the validity and reliability test results, presentation and discussion of the descriptive statistics and finally the presentation and discussion of the inferential statistics.

4.2 Response Rate

The questionnaire administered to customer relationship managers or their equivalent in the hotels and lodges in the study targeted 147 managers. A total of 105 managers filled and returned the questionnaire. This represented a response rate of 71.4%. Mugenda (2008) indicate that a response rate of 50% or more is adequate and acceptable for analysis and publishing, 60% and above is good and above 70% is very good. This also corroborates with the assertion by Bailey (2008) that a response rate of 50% is adequate, while a response rate greater than 70% is very good. High responses rate are very important because they help to ensure that survey results are representative of the target population thus accurate and useful results.

Asabere and Doku (2013) in their study on measuring CRM in the hospitality industry of some selected hotels in Accra, Ghana: The role of Information and Communication Technologies (ICTs) had a response rate of 72%. Amoako, Arthur,

Christiana and Katah (2012) in their study on the impact of effective CRM on repurchase at the Golden Tulip Hotel in Accra-Ghana managed a response rate of 50% while Forouzandeh and Ahmadi (2010) in their study on maintaining customer loyalty in a de-regulating service industry had a response rate of 53%.

The low response rates in the two studies could be attributed to the procedure of data collection. This could be through administering the questionnaire through the mail (email and post). Ndung'u (2015) observes that some people do not read their electronic mails regularly while others could have changed their e-mail addresses, and yet others could be lazy in responding to mails. If mailed by post, inefficiency of the service could result into low response rate. Self-administering on the other hand means meeting face-to-face with your respondents who, more often than not, would respect the effort made in reaching them. In this study, the high rate of response was achieved by engaging the services of research assistants who went round the hotels to administer the questionnaire personally. Table 4.1 presents the response rate.

Table 4.3   Response Rate

Response	Targeted Respondents		Successful		Unsuccessful	
	Frequency	Percent %	Frequency	Percent %	Frequency	Percent %
Customer Relationship Managers	147	100	105	71.4	42	28.6

4.3   Pilot Test Results

4.3.1 Validity Test Results

Factor analysis, with varimax rotation (Hair, 2010), was conducted on the necessary scales in order to check that concepts were uni-dimensional. Factor analysis is a term that represents a large number of different mathematical procedures for analyzing the interrelationships among a set of variables and for explaining these interrelationships in terms of a reduced number of variables, called factors (Cheng & Rashid, 2013). Factor analysis was conducted on all items for each of the study variables. Items with factor loadings of less than 0.4 were dropped from the questionnaire and not included in the final research.

Syaqirah and Faizurrahman (2014) in their study on managing customer retention of the hotel industry in Malaysia also used factor analysis to analyze items, factor and reliability through principal component analysis with varimax rotation. Timmerman (2013) in his thesis on the relationship between hotel staff service delivery with customer attitudinal loyalty and financial outcomes tested the discriminant and nomological validity of the questions through the factor analysis method to identify highly correlated variables. Elebiary (2012) used factor analysis on a list of 24 advantages of hotel loyalty programme membership to identify underlying themes in the advantages of hotels' loyalty programmes membership in his study on Drivers of guest loyalty in the hotel industry in New Zealand: The role of staff loyalty, service quality, guest satisfaction and commitment, and the influence of loyalty programmes.

4.3.1.1 Factor Analysis for Technological Infrastructure

Factor analysis was conducted on the statements regarding technological infrastructure. Table 4.2 shows the factor analysis results for statements regarding technology and customer loyalty and all the ten statements attracted a coefficient of more than 0.4 hence they were retained in the questionnaire.

Table 4.2   Technology Infrastructure factor analysis Component Matrix

Statement	Component
Our hotel has sufficient technological facilities	0.465
Technology plays a significant role in increasing customer service levels and enhancing customer loyalty	0.418
Our customers have strong preferences for technological services	0.47
Our customers are likely to use more technological services in the future	0.443
Our Hotel is keen on practicing data security and privacy	0.692
Our hotel has its own established ICT department	0.511
The cost of upgrading security systems is budgeted for in our hotel	0.412
It is costly to employ highly skilled technological personnel	0.761
Our hotel has employed enough skilled personnel	0.609
Our hotel gives on the job training to our staff on the use of technology	0.699

4.3.1.2 Factor Analysis for Service Quality

Table 4.3 presents the results of factor analysis on responses on service quality. The results show the factor analysis results for statements regarding service quality and customer loyalty. Six statements attracted a coefficient of more than 0.4 hence were retained for the research. However three statements attracted a coefficient of 0.347, 0.371 and 0.26 and were dropped.

64

Table 4.3   Service Quality factor analysis Component Matrix

Statement	Component
Our hotel has modern looking equipment	0.686
Our hotel physical facilities are visually appealing to our customer	0.347
Our hotel employees are neat-appearing with elegance uniform	0.812
We performs the service right the first time	0.702
When our customer have a problem, the hotel shows a sincere interest in solving it	0.483
Our employees give customers prompt service	0.53
Our employees are never too busy to respond to our customers request	0.55
Our employees usually tell you exactly when services will be performed	0.26
When the hotel promises to do something by a certain time, it does so	0.371

4.3.1.3 Factor Analysis for Personalization of Services

Factor analysis was conducted for the statements regarding personalization of services. Table 4.4 shows the factor analysis results for statements regarding personalization and customer loyalty and nine statements attracted a coefficient of more than 0.4 hence were retained for the research. However one statement attracted a coefficient of 0.036 and was dropped.

Table 4.4 Personalization factor analysis Component Matrix

Statement	Component
We offer new insights into consumer behaviour surroundings price-quality trade offs	0.036
Customers considering a purchase in a particular product or service category scan their product/service options and develop a consideration set.	0.528
We have a reward program that is meant to lock our customer	0.409
Our customers are given importance, cared and looked after sincerely	0.428
The privacy of our customers is not intruded into under any circumstances	0.717
Our hotel collects customer likes, dislikes, and preferences frequently.	0.425
The hotel strongly meets the customers' expectations in order to retain them and refer to others.	0.718
The hotel differentiates the customers according to value and need.	0.652
The prevalence of frequent customer programs makes targeted promotions easier for retaining them.	0.56
Personalization of services leads to improved customer loyalty.	0.401

4.3.1.4 Factor Analysis for Customer Orientation

Factor analysis was carried out on statements regarding customer orientation. Table

4.5 shows the factor analysis results for statements regarding customer orientation

and customer loyalty and all ten statements attracted a coefficient of more than 0.4

hence were retained for the research.

Table 4.5   Customer Orientation factor analysis Component Matrix

Statement	Component
Our hotel has clear Knowledge of its customers and their needs.	0.476
Managers in our hotel spend time with the customers	0.85
Meeting our customers' needs is a priority compared to meeting our own internal needs	0.676
Our hotel encourages our customers to get involved in the process of defining service targets and standards in the hotel where I work.	0.785
Our hotel knows exactly what aspects and characteristics of our service our customers value the most	0.729
Our hotel surpasses our customers' expectations as regards the things which are most important for them	0.711
Customers are encouraged to regularly give our hotel feedback about our business performance	0.419
Our hotel regularly analyzes customer complaints and the information we get is then used in the process of strategy development	0.559
Our hotel responds quickly to our customers' comments and complaints	0.407
In our hotel, everyone is responsible for solving our customers' problems	0.80

4.3.1.5 Factor Analysis for Customer Loyalty

Table 4.6 shows the results of customer loyalty factor analysis. The factor analysis conducted on statements regarding customer loyalty and all the ten statements attracted a coefficient of more than 0.4 hence were retained for the research.

Table 4.6   Customer Loyalty Factor Analysis Component Matrix

Statement	Component
The hotel has more than 5 customer loyalty programs	0.494
We always reward our loyal customers with various none cash offers	0.702
More than 50 percent of our hotel guests are repeat customers	0.409
Our repeat customers do not chose the hotel because of our prices	0.403
More than 50 percent of our first time customers are referrals from existing customers.	0.511
Our customers often encourage other people to stay at this hotel.	0.508
Our customers say positive things about the hotel in the customer satisfaction results	0.822

4.3.2 Reliability Test Results

The results of the reliability test are shown on Table 4.7. The results are based on the questionnaire self-administered to customer relationship managers. It can be noted that the overall coefficients were adequate as they fell between 0.546 and 0.709. The overall Cronbach alpha score was 0.669. The internal consistency of the questionnaire as a whole was sufficient. The statements for each of the variables were also tested and some of the statements were dropped in order to improve the Cronbach coefficient.

Field (2013) says a score above 0.5 indicates that the variables used in the data collection process were reliable. Alpha values higher than 0.7 are considered of high consistency while values between 0.4 and 0.7 are considered to be of normal consistency. Ncube and Jerie (2012) in their study on leveraging employee engagement for competitive advantage in the hospitality industry: A comparative study of hotels A and B in Zimbabwe realized a Cronbach alpha score of 0.50. Bertilsson and Persson (2011) in their study how to create loyal visitors in hotel businesses had a Cronbach result of 0.66.

Table 4.7   Reliability Test

Variable	Initial Cronbach Coefficient	Items Deleted	Final Cronbach Coefficient
Technology	0.237	2	0.546
Service quality	0.294	2	0.652
Personalization of Services	0.610	0	0.610
Customer orientation	0.709	0	0.709
Customer loyalty	0.232	2	0.654
Overall	0.583	3	0.669

4.4   Demographic Information of the Hotels and Respondents

4.4.1 Representation of the Hotel Industry

Of the hotels surveyed, majority (81%) were classified as hotels while a few (19%) classified as lodges as shown in table 4.8. Mutayoba and Mbwete (2013) in their paper titled 'Is Booming Tourism in Zanzibar Pro-poor?' found out that more employment opportunities are found in hotels than in the lodges in Zanzibar. The findings imply that majority of the respondents were from the hotel industry. According to KAHC (2016) there are more hotels than lodges in Kenya thus the high number of respondents from the hotels than lodges. This could be attributed to the fact that hotels in Kenya are one stop shops offering all the services customers would need as opposed to Lodges that offer majorly accommodation.

Table 4.8   Type of Hotel

	Frequency	Percent	Valid Percent	Cumulative Percent
Hotel	85	81.0	81.0	81.0
Lodge	20	19.0	19.0	100.0
Total	105	100.0	100.0	

4.4.2 Years of Operation

Majority (48%) of the hotels had been in operation for over 10 years, 43% had been in operation between 5 to 9 years while a few (9%) had been in operation for a period of less than 5 years as shown in Table 4.9. In their study titled paving the Way for CRM Success: The Mediating Role of Knowledge Management and Organizational Commitment, Garrido-Moreno et al. (2014) asserted that the hotels that had been in existence for some time were more likely to have benefited from Customer Relationship Management than new hotels.

It can also be assumed that most of the hotels that had been in existence for more than ten years had a remarkable experience which perhaps leads to the realization of customer relationship management dimensions. These results further imply that hotels and lodges with long years of operation have managed to maintain that position as a result of their competence and resources to manage their reputation and experience in customer management. This is also indicative of the fact that Kenya has been a long standing tourist destination within the East African region; therefore many hotels have been in operation for long.

Table 4.9   Years of Operation

Years of Operation	Frequency	Percent %	Valid Percent	Cumulative Percent
0 – 4 years	10	9.0	9.0	9.0
5 – 9 years	45	43.0	43.0	52.0
Over 10 years	50	48.0	48.0	100.0
Total	105	100.0	100.0	

4.4.3 Number of Employees

The study found out that majority (46%) of the hotels surveyed had between 51 and 100 employees, 34% had more than 100 employees but less than 200 employees while a few (12%) had 50 or less employees in their hotels as shown in table 4.10. Dubihlela and Khosa (2014) in their study on the impact of e-CRM implementation on customer loyalty, customer retention and customer profitability for hoteliers along the Vaal Meander of South Africa found out that majority (88.6%) of the respondents in their study were from hotels that employed less than 50 workers each while a few (11.4%) of the respondents indicated hotels that had a workforce of between 51-100 employees.

This corroborates with the findings of this study. This is an indication that majority of Kenyan hotels endeavor to reduce costs by optimizing on the number of employees. This is a winning business strategy since it improves on the hotel profitability but could be dangerous when it comes to capacity to serve the clients as expected.

Table 4.10 Number of Employees

No. of Employees	Frequency	Percent %	Valid Percent	Cumulative Percent
50 and Below	13	12.0	12.0	12.0
51 – 100	48	46.0	46.0	58.0
101 – 150	23	22.0	22.0	80.0
151 – 200	13	12	12	92.0
Over 200	8	8	8	100.0
Total	105	100.0	100.0	

4.4.4 Age of the Respondents

Majority (34%) of the respondents in the hotels surveyed, as shown in Table 4.11, were aged between 31 to 40 years, 31% were aged between 21 to 30 years, 19% were aged between 41 to 50 years, 14% were over 50 years, while a few (2%) were below 20 years.

From the findings it is clear that an overwhelming majority, that is, 83.8% of hotel workers in Kenya are between the ages 21-50 years. It can be concluded that managing and operating hotel-businesses is a challenging endeavour which requires energetic and experienced individuals who can make well-grounded decisions and work for long hours as exemplified by the age bracket.

The findings are similar to other studies in the hotel industry. Dubihlela and Khosa (2014) in their study on the impact of e-CRM implementation on customer loyalty, customer retention and customer profitability for hoteliers along the Vaal Meander of South Africa also established that 88% of the management's age structure within the hotels in South Africa is mainly within the age brackets of 30-59 years. Likewise, Suhartanto (2011) in his study titled an examination of brand loyalty in the Indonesian Hotel industry found that the majority of his respondents (87%) were of working age (25 year to 55 year).

Table 4.11 Age of Respondents

	Frequency	Percent %	Valid Percent	Cumulative Percent
Below 20yrs	2	1.9	1.9	1.9
21-30yrs	32	30.5	30.5	32.4
31-40yrs	36	34.3	34.3	66.7
41 -50yrs	20	19.0	19.0	85.7
Over 50yrs	15	14.3	14.3	100.0
Total	105	100.0	100.0	

4.4.5 Work Experience of the Respondents

The findings as indicated in table 4.12 revealed that majority (74.3%) of the respondents had experience of between 4 and 10 years, 14.2% had experience of over 10 years while a few (11.5%) had experience of below 4 years. The study findings agree with those of Boakye (2011) in her study titled an analysis of CRM Practices of some selected hotels in the Kumasi Metropolis found out that 63% of the managers had worked for more than 6 years in the industry. Six years of experience is enough for a worker to have learned the ropes including knowing what works and what does not work? Tapping on such experience is of crucial importance for enterprises in gaining the desired competitive advantage.

Table 4.12 Experience of Respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
0 - 1 year	1	1.0	1.0	1.0
2 - 3 years	11	10.5	10.5	11.5
4 - 5 years	44	41.9	41.9	53.4
6 – 10 years	34	32.4	32.4	85.8
11 – 20 years	15	14.2	14.2	100.0
Total	105	100.0	100.0	

4.4.6 Level of Education

The study sought to find out the highest level of education of the respondents in the hotels surveyed. Table 4.13 shows that majority (91.4%) of the respondents were degree holders, either a Bachelor's Degree or a Master's Degree while only a few (8.6%) were not degree holders. This shows that employees in managerial positions had achieved high levels of education. This corroborates with the study carried out by Suhartanto (2011) titled an examination of brand loyalty in the Indonesian hotel industry who found out that 84% of the respondents in his study had completed a diploma/bachelor degree. Dubihlela and Khosa (2014) in their study on the impact of e-CRM implementation on customer loyalty, customer retention and customer profitability for hoteliers along the Vaal Meander of South Africa also found out that 87% of the respondents in their study had at least a tertiary qualification (degree or diploma).

This suggests that the hotel managers have a bit of higher education and the possibility of being exposed to advanced courses. The high level of respondents with bachelor's degree and impressive percentage holders of master degrees indicate that there is high level of competence in the hotel industry. Right competences in the hotel industry; explain why the employees in the industry have the right attitude. Highly educated employees in the industry are equated to skills, ability to perform, capacity and knowledge.

Table 4.13 Level of Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	4	3.8	3.8	3.8
Associate degree	5	4.8	4.8	8.6
Bachelor degree	60	57.1	57.1	65.7
Master degree	36	34.3	34.3	100.0
Total	105	100.0	100.0	

4.5 Descriptive statistical Analysis Results

The factors of the study variables are described and shown in Appendix VI. Technology infrastructure, personalization of services and customer orientation variables had 10 factors each. Service quality had 6 factors while customer loyalty had 7 factors. In total there were 43 factors.

The research instrument majorly consisted of likert scale questions for the study variables. Responses were measured on a 5-point Likert scale from 1 to 5, where 1 represents high negativity (Strongly disagree) and 5 the highest positivity (Strongly agree). Favourable and unfavorable responses were scored numerically. According to Blumberg et al., (2014), the Likert scale is the most frequently used variation of summated rating scales. This is because the scale is easy and quick to construct, it shows the strength of the person's feelings to whatever is in the question, responses are easy to analyse, it is very reliable and it provides a greater volume than many other scales.

Kumbirai and Nyasha (2014) in their study on conditions for CRM success in Zimbabwe's Hospitality sector and Rashid and Tahir (2014) in their study

organization performance: is marketing capability a missing link? An empirical study in the Malaysian hotel industry used the 5 point Likert scale.

4.5.1 Analysis of Technology Infrastructure

The first objective of this study was to establish the role of technology infrastructure on customer loyalty in the hotel industry in Kenya. The indicators of technology were the technological systems available in the hotels, the security of the technological infrastructure and the staff skills on the use of technology.

4.5.1.1 Technology Systems available in the hotels

The study sought to establish the technological facilities available in the hotels surveyed. The results are presented in Table 4.14. Majority (99%) of the respondents indicated their hotels had Hotel Brand Websites, 82% made use of online reservations, another 76% made use of Voice through Internet Protocol (VOIP), Interactive Voice Response (IVR), Web Chat, Web Callback, Order Tracking System, personalized web pages, and IP-based call centers. Seventy two percent of the respondents said their hotels made use of intelligent e-mail system, 65% had Wi-Fi Hotspots, 39% made use of video conferencing, 38% used the online check in /check out system while a few (16%) said their hotels made use of Radio-Frequency Identification (RFID).

The findings of this study imply that technology infrastructure in the hotel industry is of utmost importance. Hotels must embrace the latest technology for competitive

advantage. Technology is ever changing and as such provides a variety of systems for doing businesses to manage customer relationships efficiently and effectively. Strategic use of technology infrastructure provides hotels with the ability to monitor and predict purchasing habits of current customers, future customers and clusters of customers. Technological systems also provide hotels with a platform to gain competitive and strategic advantage by better understanding the needs and wants of their customers thus enhancing customer loyalty.

The findings corroborate those Brewer et al. (2008) in their study on Current and Future Technology Use in the Hospitality Industry concluded that using technology to enhance the guest experience and increase revenue will be the focus in the future. The study found out that technologies that are important to the guests include Wi-Fi access, entertainment systems that reflect their lifestyles, and technologies that make their life easy such as kiosks to print airline boarding passes. The study also corroborates the study by Al Azzam (2016) carried out a study to evaluate the relationship between CRM dimensions and found out that CRM plays an important role in attracting customers to hotels and that successful implementation of CRM technology can play a key role in developing marketing capabilities leading to better organizational performance.

Table 4.14 Response on Technology systems available in the hotels

Technological Facilities	Yes (%)	No (%)
Hotel Brand Website	99	1
Online Reservation	82	18
Voice through Internet Protocol (VOIP)	76	24
Interactive Voice Response (IVR)	76	24
IP-based call centers	76	24
Web chat	76	24
Web Callback	76	24
Order tracking system	76	24
Personalized web pages	76	24
Intelligent e-mail system	72	28
Wi- fi Hotspots	65	35
Video conferencing	39	61
On line check in /check out	38	62
Radio-Frequency Identification (RFID)	16	84

4.5.1.2 Security Systems

The findings show the security systems used in the surveyed hotels according to the items in the table 4.15 which were adopted from a study by Brewer et al., (2008) titled Current and Future Technology Use in the Hospitality Industry. Majority (98%) of the respondents indicated that they used the Physical security systems, 92% used the Anti-virus security systems, 80% used the Hardware firewall security systems while 74% used the Software firewall security systems and the Non-reusable password security systems. Another 42% made use of the Encrypted log-in security systems, 31% used the Internet scanning security systems, 26% used the File encryption security systems, 15% used the Intrusion detection security systems, 12% used the Image server security systems and the Digital ID server security systems, 11% used the Vulnerability assessment scanning security systems while a few (5%)

used the Biometric security systems. No respondent indicated that their hotel used the Honeypot security systems.

The findings of this study show that many hotels are keen on installing security systems to ensure their customers feel safe and free to utilize the available technology infrastructure; however, most security systems are still not being utilized. This could be attributed to high costs of installations and frequent upgrades of the security systems due to changing technology. Though this contributes to achieving strategic business objectives, the high costs are a barrier. Installing technology infrastructure goes hand in hand with concern for protecting data security and privacy. For all the businesses transacted online, internet security is a major concern.

The results concur with a study by Brewer et al. (2008) titled current and future technology use in the hospitality industry who found out that the concern with security was evident in the fact that over 95% of all respondents in their study had at least one IT security system in place with over 90% using anti-virus systems and three-fourths or more using hardware and software firewalls.

Table 4.15 Response on Number of hotels using selected Security Systems

Security Systems	Yes (%)	No (%)
Physical security systems	98	2
Anti-virus security systems	92	8
Hardware firewall security systems	80	20
Software firewall security systems	74	26
Non-reusable password security systems	74	26
Encrypted log-in security systems	42	58
Internet scanning security systems	31	69
File encryption security systems	26	74
Intrusion detection security systems	15	85
Image server security systems	12	88
Digital ID server security systems	12	88
Vulnerability assessment scanning security systems	11	89
Biometric security systems	5	95
Honeypot security systems	0	100

4.5.1.3 The Use of Technology Systems

The results on technology systems are presented in Table 4.16. Majority (55%) of the respondents agreed that their hotels had sufficient technological facilities, 33% of the respondents were neutral while a few (12%) said that their hotels did not have sufficient technological facilities.

Majority (52%) of the respondents said that Technology plays a significant role in increasing customer service levels and enhancing customer loyalty, 28% of the respondents were neutral while a few (20%) of the respondents said that Technology did not play a significant role in increasing customer service levels and enhancing customer loyalty. The findings concur with the study done by Kumbirai and Nyasha (2014) on conditions for CRM success in Zimbabwe's hospitality sector. Kumbirai

and Nyasha (2014) found out that technology is one of the conditions necessary for CRM success leading to customer loyalty.

Majority (56%) of the respondents indicated that their customers had strong preferences for technological services, 24% of the respondents were neutral while a few (20%) felt that their customers did not have strong preferences for technological services. When asked if their customers are likely to use more technological services in the future; majority (48%) of the respondents said that their customers are likely to use more technological services in the future, 30% of the respondents were neutral while a few (22%) of the respondents felt that their customers are not likely to use more technological services in the future.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The hotel having sufficient technological facilities and technology playing a significant role in increasing customer service levels and enhancing customer loyalty resulted in the highest means of 3.65 and 3.55 respectively. The customers having strong preferences for technological services had a mean of 3.43. The likelihood of customers using more technological services in the future had the lowest mean of 3.24 and a standard deviation of 0.956, which is less than 1, indicating that there was no consensus on the responses obtained.

The findings imply that hotel customers are embracing use of technology to access facilities and different types of the services from hotels. To achieve competitive advantage through customer loyalty, the hotels need to install state of-the-art

technology systems and be vibrant in monitoring the technological environment in order to be informed of new technologies. The findings also imply that technology is very vital in smooth operations of any hotel and ensuring that there is customer relation management by the organization since the hotel employees and the customers can communicate freely and relate easily through available technology. Technology therefore enables the hotels to have a competitive edge in the industry.

The findings concur with the findings of Boakye (2011) in her study on analysis of customer relationship management practices of some selected hotels in the Kumasi Metropolis. Her study found out that 58.3% of the hotels in Kumasi had excellent IT. Lack of or an inadequate technology facility is a failure in implementation of an important CRM strategy, showing lack of CRM initiatives in an organization. If new entrants with better implementation of the strategy access that market, the organization would lose out, denying superior value for the company and the customer.

The findings also corroborate the findings of Brewer et al. (2008) in their study on current and future technology use in the hospitality industry. They found out that 53% of their respondents thought the most important goal for hotel technology over the next five years would be enhancing the customer experience. Technology tends to improve the understanding of customer behaviour, develop predictive models, build effective and efficient communications with customers as well as build customer loyalty.

Table 4.16 Response on the use of Technology Systems

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
TI 1	4(4%)	9(8%)	35(33%)	29(28%)	28(27%)	3.65	1.083
TI 2	10(19%)	12(11%)	29(28%)	31(30%)	23(22%)	3.43	1.224
TI 3	4(4%)	17(16%)	25(24%)	35(33%)	24(23%)	3.55	1.126
TI 4	5(5%)	19(17%)	31(30%)	46(44%)	4(4%)	3.24	.956

Note:
TI – Technology Infrastructure

4.5.1.4 Technology Security

The results of technology security are presented in Table 4.17. Majority (38%) of the respondents said that their Hotels were not keen on practicing data security and privacy while a few (31%) of the respondents agreed that their Hotels were keen on practicing data security and privacy. Another 31% of the respondents remained neutral.

The study sought to find out if the surveyed hotels had their own established ICT departments. Majority (58%) of the respondents said that their hotels had their own established ICT departments, 10% of the respondents remained neutral while a few (32%) of the respondents said that their hotels did not have their own established ICT departments. While 32% is a quite a big percentage of negative responses, it can only be hoped that most of these respondents outsource IT services. Otherwise, the companies would find themselves unable to cope in the turbulent and dynamic technology-based market. Majority (33%) of the respondents said the cost of upgrading security system was not budgeted for in their hotels, 35% remained neutral, while a few (32%) of the respondents said that the cost of upgrading security

system was budgeted for in their hotels. Lack of a budget for continuous upgrading of security systems is a worrying trend, cognizant of the dynamism in the IT field. With outdated systems, some crucial IT activities, for instance, capturing relevant product and service behaviour data, creating new distribution channels, developing new pricing models, processing transactions faster and providing better information to the front line will not be carried out competently, or will totally fail.

The item that the hotel has its own established ICT department resulted in the highest mean of 3.33 followed by the item that the cost of upgrading security systems is budgeted for in the hotel with a mean of 2.90. The hotel being keen on practicing data security and privacy had the lowest mean of 2.85. The standard deviations were all greater than 10 indicating that the responses were moderately distributed. The results imply that majority of the hotels have established ICT departments however there is average investment in security systems.

The results concur with the findings of Brewer et al., (2008) in their study on Current and Future Technology Use in the Hospitality Industry where Protecting data security and privacy represented the most important issue related to installing new technologies. Secure data enables organizations to produce, through CRM technology, accurate analysis of customer revenue and cost data to identify current and future high value customers, in turn enabling organisations to target their direct marketing efforts better.

Table 4.17 Response on the use of Technology Security Systems

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
TI 5	17(16%)	23(22%)	32(31%)	25(24%)	8(7%)	2.85	1.183
TI 6	15(14%)	19(18%)	11(10%)	36(35%)	24(23%)	3.33	1.384
TI 7	15(14%)	20(19%)	36(35%)	28(27%)	6(5%)	2.90	1.123

Note:
TI – Technology Infrastructure

4.5.1.5 Staff technology Skills

Staff technology skills were measured using a 5 point likert scale and the results presented in Table 4.18. On whether it was costly to employ highly skilled technological personnel, majority (43%) of the respondents agreed, 22% of the respondents were neutral, while a few (35%) of the respondents disagreed.

When asked whether their hotels had employed enough skilled personnel, majority (48%) of the respondents indicated that their hotels had not employed enough skilled personnel, 24% of the respondents remained neutral while a few (28%) of the respondents said their hotels had employed enough skilled personnel. The respondents were also asked whether they gave on the job training to their staff on the use of technology, majority (70%) of the respondents concurred with the statement, 16 % of the respondents were neutral while a few (14%) of the respondents disagreed. The overwhelming majority (70%) that concurred to the respective statement is an indicator that proper training in IT is a skill that makes an organization attain success.

The hotel gives on the job training to staff on the use of technology resulted in the highest means of 4.06. The item that it was costly to employ highly skilled technological personnel had a mean of 3.05 while the hotel employing enough skilled personnel had the lowest mean of 2.70. The standard deviations were greater than 1indicating that the responses were moderately distributed. The results indicate that the hotels are not investing in training of its employees and that most of the employees learn on the job.

From the findings, an almost equal number answered both in the positive and in the negative. This could be attributed to the fact that highly skilled people are costly to employ on the one hand, and much less costly on the other, considering the benefits, skills and experience (and consequently organizational success) they bring with them to the new firm. The findings imply that the hotels find it cheaper to employ untrained staff and have them learn on the job. This will mostly compromise on the service quality since the employees will only match the staff working with them. Investing in trained staff could be expensive at first but strategic in the long run since service quality may attract and retain customers.

The findings agree with the findings of the study carried out by Boakye (2011) who studied an analysis of customer relationship management practices of some selected hotels in the Kumasi Metropolis and found that the Hoteliers Association must ensure that key personnel in the business are trained in hotel management in order to solve the problem of non-qualified personnel.

Table 4.18 Response on Staff Skills

	Strongly Disagree	Dis- Agree	Neutral	Agree	Stro- ngly Agree	Mean	Standard Deviation
TI 8	16(15%)	21(20%)	23(22%)	32(31%)	13(12%)	3.05	1.274
TI 9	12(11%)	39(37%)	25(24%)	27(26%)	2(2%)	2.70	1.039
TI 10	4(4%)	10(10%)	17(16%)	19(18%)	55(52%)	4.06	1.192

Note:

TI – Technology Infrastructure

4.5.2 Analysis of Service Quality Amongst Hotels and Lodges in Kenya

The indicators for service quality were tangibility, reliability and responsiveness. The items in this section were derived from the SERVQUAL model of service quality.

4.5.2.1 Measurement of Tangibility Factor amongst Hotels and Lodges in Kenya

Tangibility of service quality was measured using a 5 point Likert scale and the results presented in Table 4.19. The respondents were asked whether their hotels had modern looking equipment and facilities. Majority (68%) of the respondents agreed that they had modern equipment and facilities, 18% of the respondents were neutral while a few (14%) of the respondents disagreed.

The study also found out that hotel employees were neat-appearing with elegant uniforms. Majority (62%) of the respondents said that their hotel employees were neat-appearing with elegant uniforms, 20% of the respondents were neutral while a few (18%) of the respondents disagreed with the statement.

The hotel having modern looking equipment and facilities and the employees being neat with elegant uniforms had means 3.60 and 3.50 respectively implying that

tangibility influenced customer loyalty to a great extent. The employees being neat with elegant uniforms had a standard deviation of 0.947 of less than 1 indicating that there was no consensus on the responses obtained.

This is an indication that majority of hotels in Kenya are equipped with state of the art facilities in order to attract repeat and new clients. Quite understandably, consumers will find it much harder to objectively assess service quality in comparison with material products, as services have significantly fewer tangible elements. Malik et al. (2011) carried out a study on hotel service quality and brand loyalty. The study concluded that customers' perceptions regarding hotel brand quality dimensions such as "tangibles", "reliability" and "empathy" contributed to build their brand loyalty. The hotel tangibles predicted relatively stronger brand loyalty than did reliability and empathy perceptions. The study recommended that hotels need to develop a unique ambiance, an exclusively tangible atmosphere

Table 4.19 Response on Tangibility of Service Quality

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
SQ1	3(3%)	11(14%)	19(18%)	57(54%)	15(14%)	3.67	.947
SQ2	8(8%)	11(10%)	21(20%)	50(48%)	15(14%)	3.50	1.102

Note:
SQ – Service Quality

4.5.2.2 Measurement of Reliability Factor amongst Hotels and Lodges in Kenya

Reliability of service quality was measured using a 5 point Likert scale and the results presented in Table 4.20. The respondents were asked whether their hotels perform the services right the first time they do them. Majority (71%) of the respondents said that their hotels perform the service right the first time, 19% of the respondents were neutral while a few (10%) of the respondents disagreed. When asked whether the hotels show a sincere interest in finding solutions when customers have a problem, majority (34%) disagreed, 37% of the respondents remained neutral, while a few (29%) agreed.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The hotel performs the service right the first time resulted in the highest means of 3.79 while when the customers have a problem, the hotel shows a sincere interest in solving it had a mean of 3.03 and a standard deviation of 0.968, which is less than 1, indicating that there was no consensus on the responses obtained.

From the results, the managers confirmed that the hotels are very keen on offering reliable services since they perform their services right. The findings concur with Banga et al. (2013) who studied the CRM practices in hotel industry and found out that most of the managers had a positive attitude towards CRM, personalization and customization of services was very significant for customer loyalty and that CRM practices helped the hoteliers to increase customer satisfaction, win customer loyalty and retain the customers resulting in increased market share and high profitability.

Table 4.20 Response on Reliability of Service Quality

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
SQ3	4(4%)	6(6%)	20(19%)	53(50%)	22(21%)	3.79	.968
SQ4	4(4%)	31(30%)	39(37%)	20(19%)	11(10%)	3.03	1.033

Note:
SQ – Service Quality

4.5.2.3 Measurement of Responsiveness Factor amongst Hotels and Lodges in Kenya

Responsiveness of service quality was also measured using a 5-point Likert scale and the results presented in Table 4.21. The respondents were first asked if their employees provided prompt services to customers. Majority (40%) of the respondents indicated that their employees did not provide prompt services to customers, 32% of the respondents were neutral while a few (28%) of the respondents said their employees provided prompt services to customers.

On being asked whether their employees were never too busy to respond to customers' requests, majority (59%) of the respondents disagreed with the statement that their employees are never too busy to respond to customers' requests, 29% of the respondents were neutral while a few (13%) of the respondents agreed with the statement.

The item the employees are never too busy to respond to our customers request resulted in the highest means of 2.83 while employees provide prompt services to our customers had a mean of 2.40. The standard deviations were greater than 1 indicating that the responses were moderately distributed. The results indicate that the

employees are not very keen on providing timely services to the customers. This could be because of insufficient training or lack of motivation

Timely delivery of services to the customer is, more often than not, an important determinant of customer loyalty. Moreover, consumer perception of service quality is the result of subjective comparison between achieved service performance and expectations. The findings concur with Malik et al. (2011) carried out a study on hotel service quality and brand loyalty. The study concluded that customers' perceptions regarding hotel brand quality dimensions such as "tangibles", "reliability" and "empathy" contributed to build their brand loyalty. The staff's responsiveness and timely service and empathy played a strong positive role in instigating a sense of belongingness in the customers; which means a strong brand loyalty because employee's behavior and attitude shape customers' overall perceptions about the brand.

Table 4.21 Response on Responsiveness of Service Quality

	Strongly Disagree	**Dis-Agree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**Standard Deviation**
SQ5	10(10%)	31(30%)	34(32%)	27(26%)	3(2%)	2.83	1.014
SQ6	19(18%)	43(41%)	30(29%)	8(8%)	5(5%)	2.40	1.025

Note:
SQ – Service Quality

4.5.3 Analysis of Personalization of Services Amongst Hotels and Lodges in Kenya

The third objective of the study was to find out the role of personalization of services on customer loyalty in the hotel industry in Kenya. Customer loyalty was measured by guest intimacy, complementary services and specialized services.

4.5.3.1 Guest Intimacy

Guest intimacy was measured using the Likert scale and the results, expressed as percentages, as shown in table 4.22. The results showed that 25% agreed that they offer new insights into consumer behaviour surroundings price-quality tradeoffs, 54% remained neutral while a few (20%) disagreed. The respondents were asked whether customers considering a purchase in a particular product or service category scan their product/service options and develop a consideration set. Majority (75%) of the respondents agreed that their customers considering a purchase in a particular product or service category scan their product/service options and develop a consideration set, 17% were neutral while a few (8%) disagreed.

The item on the hotel having a reward program that is meant to lock the customer resulted in the highest means of 3.90 followed by customers considering a purchase in a particular product or service category scan their product/service options and develop a consideration set with a mean of 3.82. The item that the hotel offers new insights into consumer behaviour surroundings price-quality tradeoffs had the lowest mean of 2.44 however it had a standard deviation of 1.293 indicating that the responses were moderate as compared to the rest.

The fact that more than half of the respondents remained neutral is due to the fact that the respondents are ignorant on an organization's pricing strategy and whether or not the environment is a factor in this. Before the product is developed, the marketing strategy is formulated, including target market selection and product positioning. The findings agree with those of Ramaseshan and Tsao (2007) in their study moderating effects of the brand concept on the relationship between brand personality and perceived quality who found out that there usually is a tradeoff between product quality and price, so price is an important variable in positioning. Because of inherent tradeoffs between marketing mix elements, pricing will depend on other product, distribution, and promotion decisions. In addition to the traditional use of price signals, marketers use price to signal the brands perceived quality to the consumer.

The results indicate that the hotels have reward mechanisms in place and also consider and attend to individual requests from customers. The hotel employees are aware of the individual needs and requirements of their customers. However, the hotels do not have in place different prices for different needs and wants of the customers. The findings concur with the findings of Yim, Tse and Chan (2008) in their study strengthening customer loyalty through intimacy and passion: Roles of customer–firm affection and customer–staff relationships in services who concluded that to make customers feel good whenever they make contact with your company, every interaction is an opportunity for further intimacy with the customer.

Table 4.22 Guest Intimacy

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
PE1	0(0%)	21(20%)	57(54%)	14(13%)	13(12%)	2.44	1.293
PE2	1(1%)	7(7%)	18(17%)	63(60%)	16(15%)	3.82	.806
PE3	1(1%)	6(6%)	14(13%)	66(63%)	18(17%)	3.90	.784

Note:
PE – Personalization of Services

4.5.3.2 Complementary Services

Complementary services were measured using the Likert scale and the results, expressed as percentages, shown in table 4.23. The respondents were asked to indicate whether their customers were given importance, cared for and looked after sincerely. Results showed that majority (59%) of the respondents agreed, 19% remained neutral while a few (22%) disagreed. Although majority agreed to the question posed, it is a matter of concern to find that over 20% disagrees. This is really a big percentage showing that hotel guests are not given due recognition and appreciation by their hosts. This may imply that the staff are not motivated enough to offer outstanding service.

The respondents were asked to indicate whether the privacy of their customers was intruded into under any circumstances. Majority (58%) of the respondents agreed, 14% remaining neutral while a few (27%) disagreed. It is a worrying trend that almost half of the respondents either disagreed or remained committal. Privacy of hotel guests should remain just that: private. Every hotel should stress the importance of privacy and should be committed to earning the trust of their guests by adopting

high standards for the protection of personal information. The privacy policy adopted by hotels should set the standard for data privacy of hotel guests to be observed by all employees of the hotels. Given the potential of hotel web sites to collect personal data, for instance when visitors register, join loyalty or frequent-guest clubs, or make reservations, privacy concerns must also be interfering with hotels' web site commerce (O'Connor, 2007). O'Connor further stresses that privacy fears inhibit nearly 100 million people from shopping online.

In regard to whether the hotel strongly meets the customers' expectations in order to retain them and refer others, majority (56%) of the respondents agreed, 21% of the remained neutral while a few (23%) disagreed. From the findings, almost half of the respondents disagreed or remained non-committal. This is a worrying observation.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The customers are given importance, cared and looked after sincerely resulted in the highest means of 3.48. The hotel collects customer likes, dislikes, and preferences frequently had a mean of 3.29 while the privacy of the customers is not intruded into under any circumstances had the lowest mean of 3.27. The standard deviations were greater than 1 indicating that the responses were moderately distributed.

The hotel's service environment should be superb, the operations efficient, the concept reflecting a clear idea of the customers' demands, and the back-of -the-house delivery system flawless. This results into quality management. Quality management

is used in in the tourist industry (Alonso-Almeida, Rodríguez-Antón & Rubio-Andrada, 2012), as a way of improving performance and competitiveness. When organizations implement quality management, they usually introduce changes in some organizational design characteristics (Aghasizadeh, Aghdassi & Ostadi, 2012). There is a positive relationship between quality management and competitive advantage of the hotel industries (Zatzick, Moliterno & Fang, 2012).

Table 4.23 Complementary Services

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
PE4	7(7%)	16(15%)	20(19%)	44(42%)	18(17%)	3.48	1.144
PE5	17(16%)	12(11%)	15(14%)	48(46%)	13(12%)	3.27	1.288
PE6	13(12%)	12(11%)	22(21%)	48(46%)	10(10%)	3.29	1.174

Note:
PE – Personalization of Services

4.5.3.3 Specialized Services

Specialized services were measured using the Likert scale and the results, expressed as percentages, as shown in table 4.24. The respondents were asked to indicate whether their hotel collects customer likes, dislikes, and preferences frequently, the results showed that majority (66%) of the respondents agreed, 11% remained neutral while a few (23%) disagreed. The percentage of respondents agreeing with collection of feedback from customers should have been higher than this. Feedback is vital for use as a springboard for the hotel industry to gaining competitive advantage. Indeed hotels frequently receive customer feedback. One type of feedback concentrates on the negative aspects of a service experience (Torres & Kline, 2013). It is then

incumbent upon industry managers to know what to do when a service experience does not go according to plan. However, when service is exceptional and there is abundance of positive guest experiences, Torres and Kline (2013) opine that managers can learn from such analysis to on improve their customer relations.

On being asked whether the prevalence of frequent customer programs makes targeted promotions easier for retaining them, majority (74%) of the respondents agreed, 22% remained neutral while a few (5%) disagreed. This is equivalent to transactional approach to marketing, and from the findings, it is a popular method of marketing in the hotel industry. The transactional approach to marketing is concerned with functional interactions between the customer and the product, with the main aim being to achieve high-sales volumes through effective management of the marketing mix (Osman, Hemmington & Bowie, 2009).

The primary objective is to drive sales and the determinant of success is the number of transactions, revenue and profitability - usually with a relatively short-term focus. Transactional approach to marketing can be an effective strategy for hotels, which target niche segments with highly differentiated offers at competitive prices. It was found that this approach can create significant customer loyalty (Osman, Hemmington & Bowie, 2009).

The respondents were asked whether personalization of services leads to improved customer loyalty, majority (80%) of the respondents agreed, 13% remaining neutral while a few (7%) disagreed. The findings show that an overwhelming majority

agreed with the assertion. A study by Bertilsson and Persson (2011) on how to create loyal visitors in Hotel businesses found out that service customization affects loyalty the most. They concluded that different organizational preferences and certain CRM activities are preferable as hotels strive to create loyalty among business travelers.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The prevalence of frequent customer programs makes targeted promotions easier for retaining them and Personalization of services leads to improved customer loyalty resulted in the highest means of 3.94 and 3.90 respectively. The hotel strongly meets the customers' expectations in order to retain them and refer the hotel to others had a mean of 3.47. The hotel differentiates the customers according to value and need had the lowest mean of 3.37. The hotel strongly meets the customers' expectations in order to retain them and refer the hotel to others was the only one with a standard deviation of more than 1, indicating that the responses were moderately distributed.

The findings further agree with those in Price and Arnould (2009) who argued that nearly all services have been in some sense personalized since their inception, offering the customer a wide variety of options, from legal services (entirely personalized), to higher educational services (partially personalized), to fast food (slightly personalized) and some services, such as hair dressing for women, are so highly personalized as to form a significant part of the customer's life satisfaction.

Table 4.24 Specialized Services

	Strongly Disagree	Dis-agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
PE7	14(13%)	10(10%)	12(11%)	51(49%)	18(17%)	3.47	1.264
PE8	1(1%)	22(21%)	30(29%)	41(39%)	11(10%)	3.37	.963
PE9	0(0%)	5(5%)	23(22%)	50(48%)	27(26%)	3.94	.818
PE10	1(1%)	6(6%)	14(13%)	66(63%)	18(17%)	3.90	.784

Note:
PE – Personalization of Services

4.5.4 Analysis of Customer Orientation Amongst Hotels and Lodges

The fourth objective of this study was to explore the role of customer orientation on customer loyalty in the hotel industry in Kenya. Customer orientation was operationalized by measuring customer need identification, customer expectations, customer complaints and channels of complaint resolutions

4.5.4.1 Customer Needs Identification

Customer needs identification was measured using the Likert scale and the results, expressed as percentages, shown in table 4.25. The results showed that majority (70%) of the respondents agreed that their hotel had clear knowledge of its customers and their needs, 10% remained neutral while a few (21%) disagreed. The findings imply that customer orientation leads to increased organizational performance thus the management should see customer orientation as one of the market beneficial sources. It helps organization to understand customer and hence it helps in delivering an appropriate plan to satisfy customer needs.

In regards to whether the managers in their hotel spend time with the customers, majority (76%) agreed while 15% disagreed and 10% were neutral. The "customer"

is the most critical external environment in developing a market orientation and organizations should develop a customer-focused strategy (Tajeddini & Trueman, 2008). Customers are often active participants in the service process and development, which may contribute to the process of innovation in the service industry. On the other hand, the critical role of employees who are in the front line of organizations should not be ignored (Tajeddini & Trueman, 2008). The findings imply that the hotel management should be well aware of the customer likes and dislikes and what their customers really want in their lives. The management should spare some time to spend and interact with their customers so as to get some feedback on the expectations of their services and what they actually get in the hotel. This is to ensure there is customer satisfaction which can lead to customer loyalty.

In addition 74% of the respondents agreed that meeting their customers' needs was a priority compared to meeting their own internal needs while 21% disagreed and 4% remained neutral. The findings concur with those in Lee, Heon, and Ah Lee (2006) who argued that in the service oriented organizations, the delivery of service in a hotel occurs when there is interaction between service providers and the service encounter thus in order to enhance service experience hoteliers need to focus on customer interaction which can be achieved through a positive relationship between customer and service provider.

The mean scores of all items were above average indicating that the respondents agreed with the statements. Managers in the hotel spend time with the customers resulted in the highest mean of 3.75. Our hotel has clear ideas of its customers and

their needs had a mean of 3.6. Meeting the customers' needs is a priority compared to meeting the hotel's own internal needs had the lowest mean of 3.59. The standard deviations were greater than 1 indicating that the responses were moderately distributed.

These findings therefore imply that all employees should value the customers and always make them feel at home so that they get the need and urge to come back to the hotel once more. As this will enhance customer loyalty and improve the performance of the organization. Achieving competitive advantage as part of strategic options is crucial for the long-term success of companies. It must be emphasized that unless these competences reflect what customers are really looking for, the achievement of competitive edge will remain evasive. In an attempt to help identify the needs and wants of customers, the organization should discuss how all customers in a particular market or segment have threshold requirements for the products and services, which they are going to purchase or use. Thus, if a company intends to target a specific group that company must ensure that it offers at least the minimum criteria, which the target audience expects. Only then, can it attract and retain targeted customers.

Table 4.25 Customer Needs Identification

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
CO 1	10(10%)	12(11%)	10(10%)	51(49%)	22(21%)	3.60	1.214
CO 2	5(5%)	10(10%)	10(10%)	60(57%)	20(19%)	3.76	1.024
CO 3	18(17%)	4(4%)	4(4%)	56(53%)	23(22%)	3.59	1.342

Note: CO – Customer Orientation

4.5.4.2 Customer Involvement

Customer Involvement was measured using a 5 likert scale where three statements were used. The results are presented in table 4.26. The respondents were asked whether their hotel encourages their customers to get involved in the process of defining service targets and standards in the hotel where they work. Majority (68%) agreed while a few (24%) disagreed with 10% remaining neutral.

In regards to whether their hotel knows exactly what aspects and characteristics of their service their customers value the most, majority (53%) of the respondents agreed while a few (30%) disagreed with 16% remaining neutral. Majority (64%) of the respondents agreed that their hotel surpasses their customers' expectations in regards the things which are most important for them.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The item the hotel surpasses the customers' expectations as regards to the things which are most important for them resulted in the highest means of 3.5. The hotel encourages customers to get involved in the process of defining service targets and standards in the hotel had a mean of 3.48. The hotel knows exactly what aspects and characteristics of service the customers value the most had the lowest mean of 3.25. The item the hotel surpasses the customers' expectations as regards to the things which are most important for them is less than 1, indicating that there was no consensus on the responses obtained.

Customer orientation is seen to provide a firm with a better understanding of its environment and customers, which ultimately lead to enhanced customer loyalty and satisfaction.

Research offers results that suggest a positive relation between customer orientation and customer loyalty. Chen and Popovich (2013) opine that the logic for expecting a strong link between a customer orientation and customer loyalty is based on the concept of a sustainable competitive advantage and a number of researchers have examined the link between customer orientation and loyalty.

The findings imply that to attain customer loyalty hoteliers need to deploy finely targeted customer intimacy management programs and strategies targeting the customers that represent our current and future business. Such programs include partnering programs, customer led account planning, customer alignment teams, innovation processes and relationship satisfaction management. All these will form an integral part in whatever strategy that a firm may want to employ.

Table 4.26 Customer Involvement

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
CO 4	16(15%)	9(9%)	10(10%)	49(47%)	20(21%)	3.48	1.324
CO 5	17(16%)	15(14%)	17(16%)	37(35%)	19(18%)	3.25	1.350
CO 6	1(1%)	15(14%)	22(21%)	64(61%)	3(3%)	3.50	.810

Note:
CO – Customer Orientation

4.5.5.3 Customer Complaints

Measurement of customer complaints was also measured using a 5 point likert scale and the results presented in Table 4.27. The respondents were asked whether the customers are encouraged to regularly give the hotel feedback about their business performance. Majority (89%) of the respondents agreed that the customers are regularly encouraged to give the hotel a feedback on their business performance while a few (2%) disagreed with 9% remaining neutral.

 The respondents were asked to indicate whether their hotel regularly analyzes customer complaints and the information they get was then used in the process of strategy development. Majority (67%) agreed while a few (10%) disagreed with 24% remaining neutral.

The mean scores of all items were above average indicating that the respondents agreed with the statements. Customers are encouraged to regularly give the hotel feedback about the business performance resulted in the highest means of 4.19 while the hotel regularly analyzes customer complaints and the information is then used in the process of strategy development had a mean of 3.76. The standard deviation of both items was less than 1, indicating that there was no consensus on the responses obtained.

The findings imply that it is common knowledge that a dissatisfied and unhappy customer will share his unfortunate experience more than a satisfied customer. It is also observed that a fraction of unhappy customers choose to complain while others

simply switch their loyalty to others service providers. The findings also imply that loss of customer confidence is a loss of business along with the opportunity for business growth and profitability. Feedback collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation.

Table 4.27 Customer Complaints

	Strongly Disagree	Dis-agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
CO 7	0(0%)	2(2%)	9(9%)	61(58%)	33(31%)	4.19	.666
CO 8	2(2%)	8(8%)	25(24%)	48(46%)	22(21%)	3.76	.936

Note:
CO – Customer Orientation

4.5.5.4 Channels of Complaint Resolution

Channels of complaint resolution were measured using a Likert scale by two statements and the results are presented in Table 4.28. The respondents were asked to indicate whether their hotel responds quickly to their customers' comments and complaints, a majority (78%) of the respondents agreed while a few (9%) disagreed with 13% remaining neutral that their hotel responds quickly to their customers' comments and complaints.

In addition majority (81%) of the respondents agreed while a few (7%) disagreed with 12% remaining neutral that in their hotel everyone was responsible for solving their customers' problems. The real value to the company lies in the value they create for their customers and in the value the customers delivers back to the company. The value lies in the customer knowledge and how the company uses that knowledge to manage their customer relationships.

The mean scores of all items were above average indicating that the respondents agreed with the statements. In the hotel, everyone is responsible for solving our customers' problems resulted in the highest means of 4.19 while the hotel responds quickly to our customers' comments and complaints had a mean of 3.87. From this assertion for all statements on channels of complaints resolution (0.797, 0.900) indicates that the responses were not moderately distributed.

Customer Orientation is viewed as customers' perception of the firm's atmosphere and culture to understand customers' needs. As such, if customers perceive that employees try to understand and help the customers, it is expected to lead to customer Satisfaction and Commitment. Also, it is also possible that customers would be more committed if customers perceive that the firm tries to learn about them to improve the service (Bang & Kim, 2013).

The findings imply that it is common knowledge that a dissatisfied and unhappy customer will share his unfortunate experience more than a satisfied customer. It is also observed that a fraction of unhappy customers choose to complain while others simply switch their loyalty to others service providers. Loss of customer is loss of business along with the opportunity for business growth and profitability. Feedback collection from the customer is essential for the supplier to ascertain customer satisfaction and scope for improvisation.

Table 4.28 Channels of Resolution

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
CO 9	0(0%)	9(9%)	14(13%)	64(61%)	18(17%)	3.87	.797
CO 10	0(0%)	7(7%)	13(12%)	38(36%)	47(45%)	4.19	.900

Note:

CO – Customer Orientation

4.5.5 Customer loyalty

The study sought to find out the strategies the hotels had put in place to retain their customers and the rate at which the hotels retained their customers. Customer loyalty was measured by measuring availability of loyalty programs, the rate of repeat purchase and attraction of new customers.

4.5.5.1 Loyalty Programs

Loyalty programs were measured using likert scale by three statements. The respondents were asked to indicate whether the hotel has more than 5 customer loyalty programs. Majority (57%) of the respondents agreed that the hotel had more than 5 customer loyalty programs, while a few (22%) disagreed with 21% remaining neutral. The respondents were also asked to indicate whether they always reward their loyal customers with various none cash offers; majority (63%) of the respondents agreed while a few (15%) disagreed with 22% remaining neutral.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The hotel always rewards loyal customers with various none cash offers resulted in the highest means of 3.62 while the hotel has more than 5 customer loyalty programs had a mean of 3.42 with a standard deviation of 1.183 which is greater than 1, indicating that the responses were moderately distributed.

The study concurs with the findings of Bertilsson and Persson (2011) in their study on how to create loyal visitors in Hotel businesses who found out that CRM activities as: bonus cards, service customization and free-gifts affect customer loyalty.

The study findings also agree with those of Tanui (2007) who established the customer loyalty programs applied by petrol stations in Kenya and determine the extent to which the loyalty programs had resulted in customer loyalty. The study established that customer loyalty programs applied by these stations include various types of loyalty cards, maintaining databases of customers, utilizing various kinds of communication modes, giving customers different bonuses and maintaining collaborative partnerships with other non-competing organizations. It was further established that that loyalty cards had to a greater extent led to the stations having loyal customers than the other programs, while creation of customer databases had only led to the stations having loyal customers to a moderate extent.

These results imply that the hotels carry out customer satisfaction surveys where the loyal customers may be awarded with loyalty cards and bonus which creates a strong image about the hotels. The findings imply that for hotel customers to remain loyal they should be treated in a nice way and offered attractive packages so as to retain them.

Table 4.29 Loyalty Programs

	Strongly Disagree	Dis-Agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
CL 1	10(10%)	13(12%)	22(21%)	43(41%)	17(16%)	3.42	1.183
CL 2	2(2%)	14(13%)	23(22%)	49(47%)	17(16%)	3.62	.974

Note:
CL – Customer loyalty

4.5.5.2 Repeat Purchase

Repeat purchase was measured using a likert scale by two statements. The respondents were asked whether more than 50 percent of their hotel guests were repeat customers; 40% of the respondents agreed, while a few (29%) disagreed with 21% remaining neutral. The respondents were further asked whether their repeat customers do not choose the hotel because of their prices, majority (59%) agreed while a few (22%) disagreed and 19% were neutral that their repeat customers do not chose the hotel because of the price.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The repeat customers do not chose the hotel because of the prices resulted in the highest means of 3.43 while more than 50 percent of our hotel guests are repeat customers had a mean of 3.13. The standard deviations were greater than 1 indicating that the responses were moderately distributed. This implied that repeat purchase influenced customer loyalty to a moderate extent.

The study further sought to establish if there were other factors that affected repeat purchases by asking an open ended question. The explanations were subjected to qualitative analysis involving several stages: sorting and classification, open coding,

109

axial coding, and select coding. The responses that appeared to frequently drive business away were insecurity owing to frequent terrorism threats, travel advisories given by international countries, political activities, on line promotion activities, location of the hotels and lodges and competition in the industry. The results imply that experience and perception is important in this industry and should be strategically embedded in the promotion strategies in the industry given that the majority of the customers attach value to level of experience and perception of the industry.

Table 4.30 Repeat Purchase

	Strongly Disagree	**Dis-agree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean**	**Standard Deviation**
CL 3	21(20%)	9(9%)	22(21%)	41(39%)	12(11%)	3.13	1.316
CL 4	7(7%)	16(15%)	20(19%)	49(47%)	13(12%)	3.43	1.099

Note:
CL – Customer loyalty

4.5.5.3 Referred Customers

This construct was measured using likert scale and the results are presented in table 4.31. The respondents were asked whether more than 50 percent of their first time customers are referrals from existing customers; majority (51%) of the respondents agreed while a few (28%) disagreed with 22% remaining neutral. In regards to whether their customers often encourage other people to stay at this hotel majority (51%) of the respondents agreed while a few (29%) disagreed with 20% remaining neutral. The respondents were further asked whether their customers say positive

things about the hotel. In the customer satisfaction results, majority (66%) of the respondents agreed, a few (16%) disagreed and 18% were neutral.

The mean scores of all items were above average indicating that the respondents agreed with the statements. The hotel customers say positive things about the hotel resulted in the highest means of 3.69. More than 50 percent of the first time customers are referrals from existing customers had a mean of 3.21. The customers often encourage other people to stay at the hotel had the lowest mean of 3.17. The standard deviations were greater than 1 indicating that the responses were moderately distributed.

Iglesias, Singh and Batista – Foguet (2011) mentioned that loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations. The "customer" is the most critical external environment in developing a market orientation and organizations should develop a customer-focused strategy (Tajeddini, 2010). Customers are often active participants in the service process and development, which may contribute to the process of innovation in the service industry.

On the other hand, the critical role of employees who are in the front line of organizations should not be ignored (Tajeddini & Trueman, 2008). The findings imply that the hotel management should be well aware of the customer likes and dislikes and what their customers really want in their lives. The management should spare some time to spend and interact with their customers so as to get some

feedback on the expectations of their services and what they actually get in the hotel.

This is to ensure there is customer satisfaction which can lead to customer loyalty.

Table 4.31 Referred Customers

	Strongly Disagree	Dis-agree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
CL 5	8(8%)	21(20%)	23(22%)	47(45%)	6(6%)	3.21	1.071
CL 6	12(11%)	19(18%)	21(20%)	45(43%)	8(8%)	3.17	1.164
CL 7	6(6%)	11(10%)	19(18%)	43(41%)	26(25%)	3.69	1.129

Note:

CL – Customer loyalty

4.6 Test of Assumptions of Study Variables

4.6.1 Multicollinearity

This study tested for Multicollinearity using the tolerance values and Variance Inflation Factor (VIF). The tolerance values should be greater than 0.1 and the VIF values should not exceed 10.0 (Pallant, 2010). Multicollinearity is the existence of a perfect linear relationship among some or all of the independent variables. Whenever some of the independent variables are correlated, it would be impossible to isolate the effect of each one of the independent variables on the dependent variable and only the combined effect will be measured (Elebiary, 2012).

The assumption for non-collinearity was examined through the values of tolerance and the variance inflation factor (VIF). The tolerance was calculated as $(1-R^2)$. Both values were acceptable (highest tolerance value = 0.858 and the highest VIF = 1.647). The tolerance value and VIF among all independent variables are more than

0.10 and less than 10 respectively, the threshold beyond which multicollinearity is a problem (Malhotra, 2008). This shows that there is no multicollinearity among independent variables.

Other studies that have tested for multicollinearity include Wang (2007) in his study on Relationship, Loyalty, and Marketing: A Correlation Study of Taiwan Hotel Customers' Perspectives, Elebiary (2012) in his study on Drivers of guest loyalty in the hotel industry in New Zealand: The role of staff loyalty, service quality, guest satisfaction and commitment, and the influence of loyalty programmes.

Table 4.32 Multicollinearity Test Results for the Study Variables

Model	Tolerance $(1-R^2)$	VIF $(1/(1-R^2))$
(Constant)		
TI	.607	1.647
SQ	.858	1.166
PE	.622	1.608
CO	.717	1.395

4.6.2 Testing for Outliers

The test for outliers in the study were examined by use box-plots as indicated in figure 4.1. The results indicated that the study did not have extreme values/outliers as indicated by the figure as the observations in the study were within the box-plot.
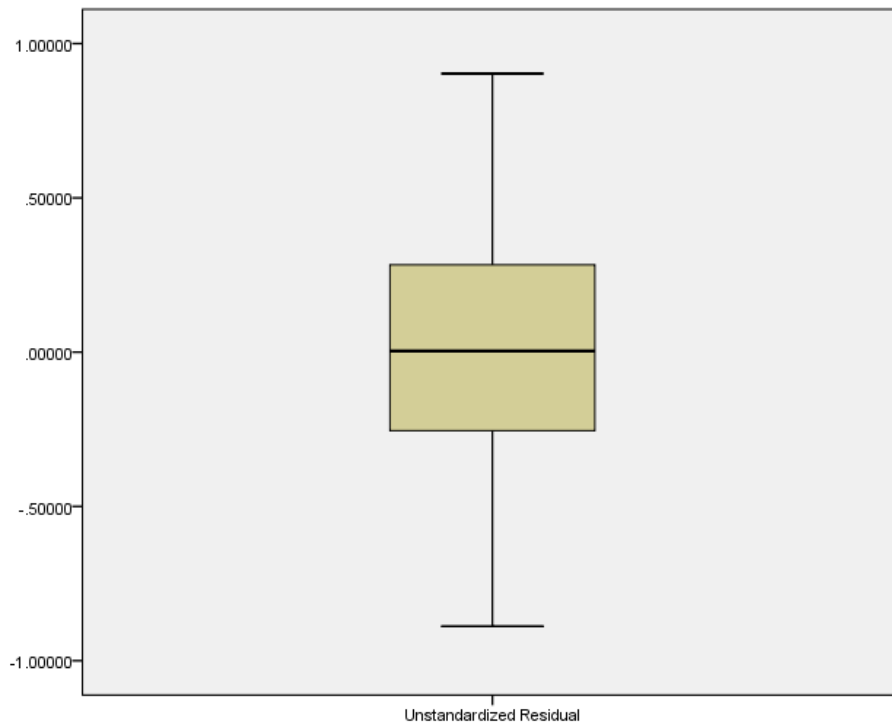
Figure 4.1 Normality Test: Box-Plot Analysis for Research Variables

4.6.3 Testing for Normality

According to Table 4.33, the statistic of Shapiro-Wilk is 0.993 with a significance of 0.908. If the Significant value of the Shapiro-Wilk Test is greater than 0.05 then the data is normal, if it is below 0.05 then the data is not normally distributed. This shows that the data is normally distributed.

Table 4.33 Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Unstandardized Residual	.044	101	.200[*]	.993	101	.908

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

4.6.4 Heteroscedasticity

The results in Table 4.34 represent the results of Breush-pagan test for Heteroscedasticity. Breusch-pagan test shows a chi-square value and a significance value for the tested variables. A p-value < 0.05 indicates that there is heteroscedasticity while a p-value greater than 0.05 indicates heteroscedasticity does not exist. The Breush-pagan test value above has a p-value 0.39956 >0.05 indicating that heteroscedasticity does not exist thus the assumption has not been violated.

Table 4.34 Heteroscedasticity Test

ESS (Regression SS)= 8.0947
RSS (Residual SS)= 162.3937
TSS (Total ESS)= 170.4884
R-squared (.0475)

Breusch-Pagan test for Heteroscedasticity: CHI-SQUARE df=P)=4.047		
Significance level of Chi-square df=P (H0:homoscedasticity)	Koenker test for Heteroscedasticity (CHI-SQUARE df=P)	Significance level of Chi-square df=P (H0:homoscedasticity)
=0.3996	4.795	.3089

4.6.5 Common Method Variance

When the multi-trait multi-method (MTMM) model heterotrait-monomethod correlations are higher than heterotrait-heteromethod correlations, some portion of the variance in a measure is attributable to the method that was used. This variance is referred to as common method variance (CMV), and it is a form of systematic error variance that can cause observed correlations among variables to differ from their population values (Siemsen, Roth & Oliveira, 2010). Podsakoff et al. (as cited in Lai, Li & Leung, 2013) identified a number of potential sources of CMV organized into

four major types, to include sources due to having a common rater, item characteristic effects, item context effects, and measurement context effects, for instance simultaneous measurement of predictor and criterion variables. Since there are a number of ways in which methods can be similar, any of them giving rise to CMV, a questionnaire particularly, might be subject to common method variance.
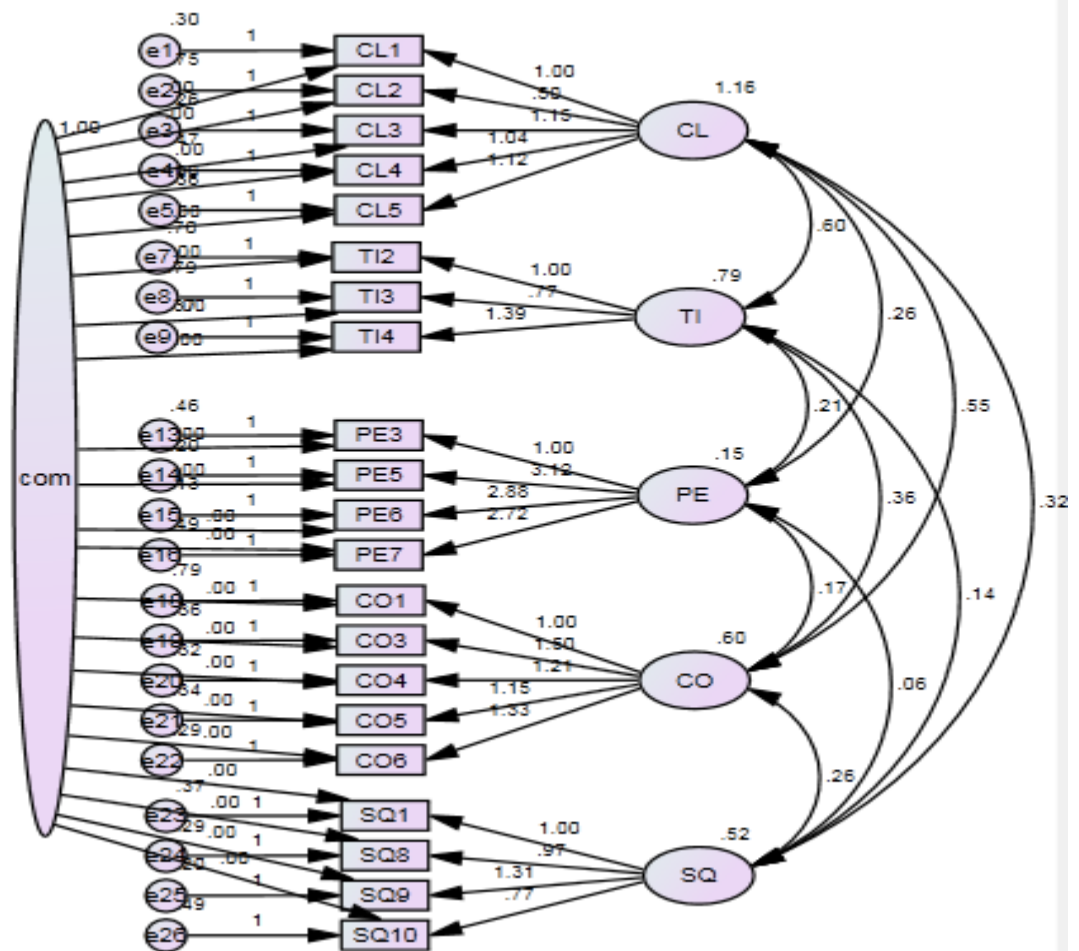
Figure 4.2 Common Method Variance

4.6.6 Correlation of the Study Variables

Correlation analysis was performed to test the correlation of all the variables used in the study: Technology Infrastructure, Service Quality, Personalization of Services, Customer Orientation and Customer loyalty. Correlation is often used to explore the relationship among a group of variables (Pallant, 2010), in turn helping in testing for multicollinearity. That the correlation values are not close to 1 or -1 is an indication that the factors are sufficiently different measures of separate variables (Hope-Hailey, Farndale & Kelliher, 2010). It is also an indication that the variables are not multicollinear. Absence of multicollinearity allows the study to utilize all the independent variables.

The results of the Pearson correlation are in Table 4.35. The lowest correlation in this study was between service quality and personalization of services (r=0.209, p<0.05). The highest correlation was between personalization of services and technology infrastructure (r=0.593, p<0.01). The results indicate that all coefficients are positive, thus demonstrating that the associations among technology infrastructure, service quality, personalization of services, customer orientation and customer loyalty is positive.

Hair, (2010) and Field (2013) aver that correlation values of over 0.70 may indicate multicollinearity. In this study, the highest correlation value was 0.593 at 0.01 level of significance. This indicates that the variables were sufficiently different and as such were all utilized in the study.

Table 4.35 Correlations

		CL	TI	SQ	PE	CO
CL	Pearson Correlation	1	.337[**]	.394[**]	.529[**]	.474[**]
	Sig. (2-tailed)		.001	.000	.000	.000
TI	Pearson Correlation	.337[**]	1	.185	.593[**]	.418[**]
	Sig. (2-tailed)	.001		.064	.000	.000
SQ	Pearson Correlation	.394[**]	.185	1	.209[*]	.370[**]
	Sig. (2-tailed)	.000	.064		.036	.000
PE	Pearson Correlation	.529[**]	.593[**]	.209[*]	1	.389[**]
	Sig. (2-tailed)	.000	.000	.036		.000
CO	Pearson Correlation	.474[**]	.418[**]	.370[**]	.389[**]	1
	Sig. (2-tailed)	.000	.000	.000	.000	

Key:

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
N=105
CL=Customer loyalty
TI= Technology Infrastructure
SQ= Service Quality
PE= Personalization
CO = Customer Orientation

4.7 Inferential statistical Analysis Results

In this study, data analysis was conducted using a two-phase process consisting of confirmatory measurement model and confirmatory structural model. In their study on Impact of e-CRM Implementation on Customer Loyalty, Customer Retention and Customer Profitability for Hoteliers along the Vaal Meander of South Africa, Dubihlela and Khosa (2014) used confirmatory factor analysis to evaluate measurement model on multiple criteria, structural equation modeling to fit a theoretical model, and AMOS as a tool for analyzing data and conducting SEM.

4.7.1 Confirmatory Measurement Model

The first phase involved confirmatory factor analysis (CFA) that evaluates the measurement model on multiple criteria such as internal reliability, convergent, and discriminant validity. Prior to this was the exploratory factor analysis (EFA) whose key steps included the computation of factor loading matrix, communalities and principal components analysis (PCA).

4.7.1.1 Exploratory Factor Analysis (EFA)

Exploratory Factor Analysis (EFA) is used when you have a large set of variables that you want to describe in simpler terms and you have no *a priori* ideas about which variables will cluster together (Tabachnick & Fidell, 2013). EFA, therefore, is often used at the early stages of research in order to identify the variables that cluster together (Bordens & Abbot, 2014), and provides the researcher with information about the number of factors that best represent the data (Hair, 2010).

Prior to carrying out EFA, two statistical tests which assess the factorability of data or suitability of data for structure detection were performed, that is, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. The KMO value is 0.844 which is close to 1 as shown in table 4.36. This means factor analysis is suitable. With $p < 0.05$ in the Bartlett's Test of Sphericity, this is an indication of suitability of data for structure detection. Berezina et al (2012) used EFA in their study on The Impact of Information Security Breach on Hotel Guest Perception of Service Quality, Satisfaction, Revisit Intentions and Word-Of-Mouth.

Table 4.36 KMO and Bartlett's Test

Test		Coefficient
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.844
Bartlett's Test of Sphericity	Approx. Chi-Square	2030.214
	df	325
	Sig.	.000

4.7.1.2 Communalities

Communality values to measure the variability of each observed variable that could be explained by the extracted factors were checked. A low value for communality for example less than 0.3, could indicate that the variable does not fit well with other variables in its component. The extraction communalities for this solution are all greater than 0.3 and are acceptable as this means that the variables fitted well with other variables in their factor as shown in table 4.37.

Table 4.37 Communalities

	Initial	Extraction
TI1	1.000	.364
TI2	1.000	.589
TI3	1.000	.540
TI4	1.000	.663
TI5	1.000	.427
TI6	1.000	.343
SQ1	1.000	.721
SQ8	1.000	.753
SQ9	1.000	.886
SQ10	1.000	.674
PE2	1.000	.662
PE3	1.000	.740
PE5	1.000	.785
PE6	1.000	.816
PE7	1.000	.800
CO1	1.000	.695
CO2	1.000	.608
CO3	1.000	.800
CO4	1.000	.780
CO5	1.000	.738
CO6	1.000	.753
CL1	1.000	.830
CL2	1.000	.608
CL3	1.000	.880
CL4	1.000	.779
CL5	1.000	.825

Extraction Method: Principal Component Analysis.

Principal Components Analysis is a method for data reduction, and in PCA, it is assumed that all variability in an item should be used in the analysis (Zikmund, 2003). Principal Components Analysis (PCA) extracts maximum variance from the data set with each component. The factors were able to explain 69.470 % of the total variance in the data. The five factors in the initial solution have eigenvalues greater than 1.0, with the threshold being eigenvalue greater or equal to 1.0. The results are presented in table 4.38.

Table 4.38 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	8.974	34.517	34.517	8.974	34.517	34.517	7.063
2	2.936	11.292	45.809	2.936	11.292	45.809	6.457
3	2.415	9.289	55.098	2.415	9.289	55.098	6.393
4	2.164	8.322	63.420	2.164	8.322	63.420	3.632
5	1.573	6.050	69.470	1.573	6.050	69.470	4.206
6	1.099	4.227	73.697				
7	.862	3.315	77.012				
8	.782	3.006	80.018				
9	.726	2.791	82.810				
10	.631	2.426	85.236				
11	.565	2.174	87.409				
12	.498	1.914	89.324				
13	.382	1.470	90.794				
14	.361	1.389	92.182				
15	.312	1.198	93.381				
16	.300	1.152	94.533				
17	.236	.907	95.440				
18	.197	.758	96.198				
19	.177	.680	96.878				
20	.158	.606	97.484				
21	.142	.548	98.032				
22	.137	.527	98.560				
23	.119	.456	99.016				
24	.105	.405	99.420				
25	.086	.330	99.751				
26	.065	.249	100.000				

Extraction Method: Principal Component Analysis.

A simplified factor loading matrix or a pattern matrix, shown in table 4.38, is a matrix containing the coefficients or "loadings" used to express the item in terms of the factors, that is, interpretation of factors (Yong & Pearce, 2013). The more the factors, the lower the pattern coefficients as a rule since there will be more common contributions to variance explained. Yong and Pearce (2013) further assert that the pattern matrix loadings are zero when a variable is not involved in a pattern and close to 1.0 when a variable is almost perfectly related to a factor pattern. In this study the

pattern matrix coefficients ranged from 0.548 to 0.950 thus showing variables are almost perfectly related to a factor pattern as shown in Table 4.39.

Table 4.39 Loadings and Cross-Loadings for the Measurement Model

	1	2	3	4	5
TI1			.600		
TI2			.789		
TI3			.741		
TI4			.724		
TI5			.769		
TI7			.701		
SQ1				.780	
SQ8				.805	
SQ9				.861	
SQ10				.802	
PE2					.834
PE3					.931
PE4					.701
PE5					.548
PE6					.556
CO1		.936			
CO2		.901			
CO3		.724			
CO4		.814			
CO5		.790			
CO6		.649			
CL1	.816				
CL2	.950				
CL3	.737				
CL4	.888				
CL5	.883				

4.7.1.3 Confirmatory Factor Analysis (CFA)

Confirmatory Factor Analysis (CFA) is a statistical technique that is used to verify the factor structure of a set of observed variables. It allows the researcher to test the hypothesis that a relationship between observed variables and their underlying latent constructs exists. Confirmatory Factor Analysis is also frequently used as a first step to assess the proposed measurement model in a structural equation model, and many

of the rules of interpretation regarding assessment of model fit and model modification in structural equation modeling apply equally to CFA (Hooper, Coughlan & Mullen, 2008).

Structural equation modeling is distinguished from confirmatory factor analysis by the fact that in CFA, there are no directed arrows between latent factors (Elkordy, 2014). In other words, while in CFA factors are not presumed to directly cause one another, SEM often does specify particular factors and variables to be causal in nature. In the context of SEM, the CFA is often called 'the measurement model', while the relations between the latent variables (with directed arrows) are called 'the structural model'.

Both convergent and discriminant validity are considered subcategories or subtypes of construct validity (Bahl & Wali, 2014). They work together such that if evidence for both convergent and discriminant validity can be demonstrated, then by definition there is evidence for construct validity. But, neither one alone is sufficient for establishing construct validity. For convergent validity, the factor loadings should be 0.5 or higher (Hair, 2010). But ideally the factor loadings should be 0.7 and above, to guarantee that the construct has convergent validity (Kline, 2011; Hair, 2010). In this study, the average loadings are more than 0.7, implying that they are high enough to be convergent, as shown in table 4.38. Therefore, convergent validity is met. In table 4.40, all of the loadings is greater than 0.7 (Hair, 2010), thus demonstrating convergent validity.

Table 4.40 Convergent Validity

	CR	AVE
CO	0.916	0.687
CR	0.916	0.692
TI	0.794	0.568
PE	0.890	0.680
SQ	0.857	0.603

To establish discriminant validity, one needs to show that measures that should not be related are in reality not related. In table 4.41, none of the loadings is greater than 0.7 (Hair, 2010), thus demonstrating discriminant validity. If the correlation is greater than the square root of the AVE, then there is a discriminant validity concern.

Table 4.41 Discriminant Validity

	CO	CR	TI	PE	SQ
CO	**0.829**				
CR	0.660	**0.832**			
TI	0.521	0.627	**0.754**		
PE	0.570	0.625	0.625	**0.824**	
SQ	0.475	0.408	0.212	0.219	**0.777**

The overall measurement model is presented in Figure 4.3.
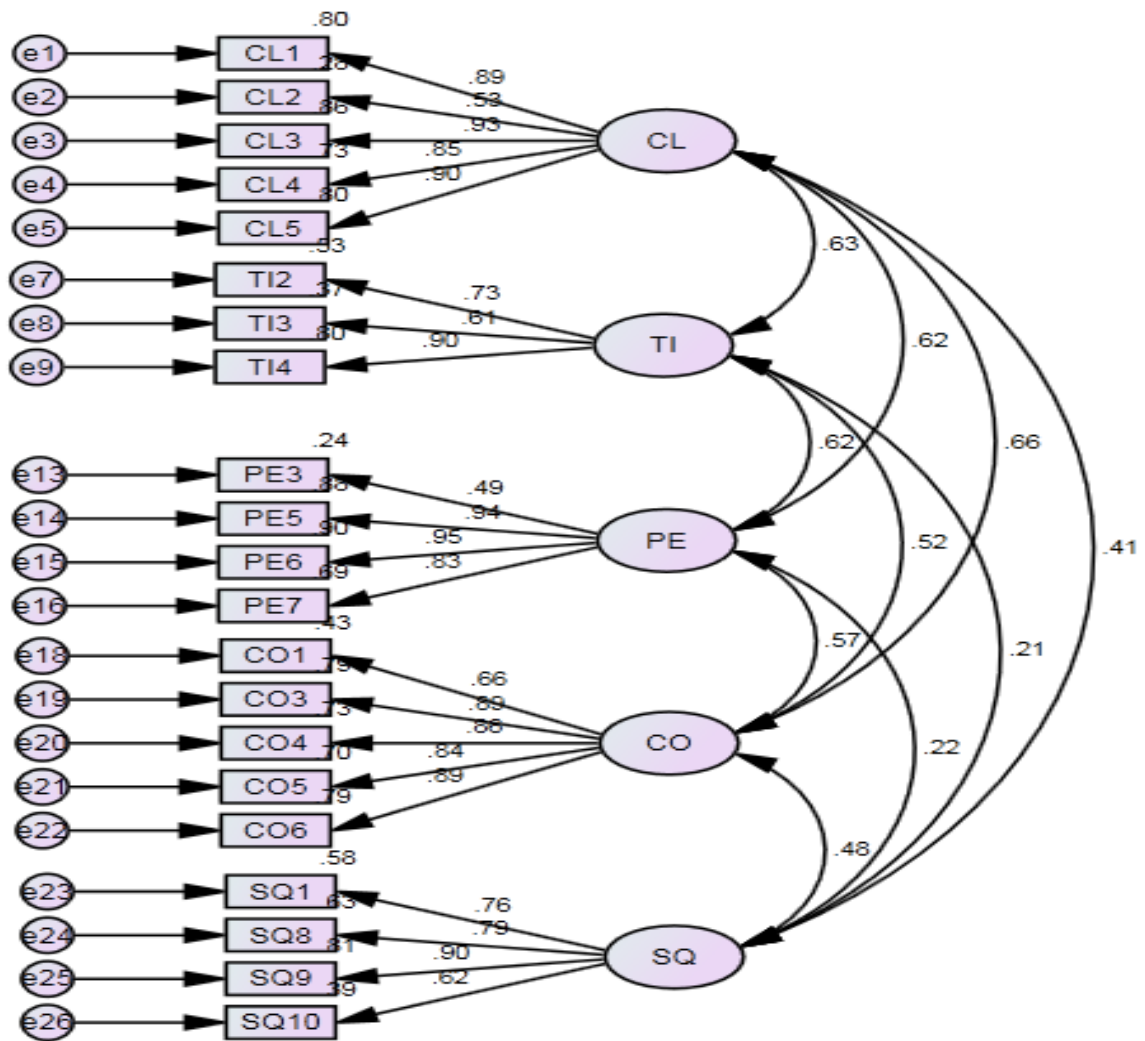
Figure 4.3 Confirmatory Measurement Model

In CFA, several statistical tests are used to determine how well the model fits to the data. It is instructive to note that a good fit between the model and the data does not mean that the model is "correct", or even that it explains a large proportion of the covariance. A "good model fit" only indicates that the model is plausible, (Cooper, Smillie & Corr, 2010). Though several varying opinions exist, Kline (2011) recommends reporting the Chi-squared test, the RMSEA, the CFI, and the RMR.

126

Table 4.42 shows that the model fitness is good. A good fit indicates that the model is fit. This is indicated by a CMIN Value of 484.925 and a p value of 0.000. A CMIN/DF value of less than 2 indicates model fitness.

Table 4.42 Chi – Squared Test for Model Fitness

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	56	484.925	295	.000	1.644
Saturated model	351	.000	0		
Independence model	26	1832.689	325	.000	5.639

RMSEA – F0 tends to favor more complex models. RMSEA is a corrected statistic that gives a penalty for model complexity, calculated as the square root of F0 divided by DF (RMSEA stands for "root mean squared error of approximation"). Again, upper and lower bounds of a 90% confidence interval are given. RMSEA values of .05 or less are good fit, <.1 to >.05 are moderate, and .1 or greater are unacceptable. RMSEA = .00 indicates perfect fit. For CFI a value close to 1 indicates a very good fit and RMR a value .05 or less are good fit, <.1 to >.05 are moderate, and .1 or greater are unacceptable.

Table 4.43 Model Fit Indices for the Confirmatory Measurement Model

Model	RMSEA	CFI	RMR
Default model	.107	.877	.116
Saturated model		1.000	.000
Independence model	.281	.000	.570

Baseline Comparisons – Normed Fit Index (NFI) shows how far between the (terribly fitting) independence model and the (perfectly fitting) saturated model the default model is. In this case, it's 74% of the way to perfect fit. The Relative Fit Index (RFI) is the NFI standardized based on the df of the models, with values close to 1 again indicating a very good fit. The Incremental Fit Index (IFI), Tucker-Lewis Coefficient (TLI) and Comparative Fit Index (CFI) are similar. Note that, TLI is usually between 0 and 1, but is not limited to that range.

Table 4.44 Baseline Comparison

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.735	.708	.876	.861	.874
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

The Root Mean Square Error of Approximation (RMSEA) avoids issues of sample size by analyzing the discrepancy between the hypothesized model, with optimally chosen parameter estimates, and the population covariance matrix (Hooper et al., 2008). The RMSEA ranges from 0 to 1, with smaller values indicating better model fit. The RMSEA value for this study is 0.079 indicating a good model fit. The "PCLOSE" statistic that goes with this result is the probability of a hypothesis test that the population RMSEA is no greater than .05. The PCLOSE value in this study was 0.000.

Table 4.45 Root Mean Square Error of Approximation for Model Fitness

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.079	.066	.091	.000
Independence model	.211	.202	.221	.000

4.7.2 Confirmatory Structural Model and Hypotheses Testing of the Study Variables

The second phase involved latent variables structural equation modeling (SEM) to test the hypothesized relationships and to fit the structural model. Structural equation modeling (SEM) is a very general, chiefly linear, chiefly cross-sectional statistical modeling technique (Cooper, Smillie & Corr, 2010). Factor analysis, path analysis and regression all represent special cases of SEM. Structural equation modeling is largely a confirmatory, rather than exploratory, technique, and SEM software is typically used for performing confirmatory factor analysis (Jackson, Gillaspy & Purc-Stephenson, 2009).

In this study, SEM was used to test hypotheses and to fit the theoretical model. A study on Impact of e-CRM Implementation on Customer Loyalty, Customer Retention and Customer Profitability for Hoteliers along the Vaal Meander of South Africa, Dubihlela and Khosa (2014) used confirmatory factor analysis to evaluate measurement model on multiple criteria, structural equation modeling to fit a theoretical model, and AMOS as a tool for analyzing data and conducting SEM.

Each model variable was tested for outliers and normality on variables aspects. This was an Exploratory Data Analysis (EDA) for understanding the structure of the variable before further data analyses undertaking. This helped in applying the appropriate analytical data analyses techniques to avoid crucial violations of key assumptions in consequent modeling processes. This was followed by model fit testing. In structural equation modeling, the fit indices establish whether, overall, the

model is acceptable, and if acceptable, researchers then establish whether specific paths are significant (Moss, 2009).

This study, apart from picking on four of the most widely respected and reported fit indices (Hooper et al., 2008), also considered the two types of fit statistics that are commonly used, that is, absolute fit indices and incremental fit indices (Hair, 2010). For absolute fit indices, the study picked on Goodness-of-Fit Index, Adjusted Goodness-of-Fit Index and Root-Mean-Square Error of Approximation, and for incremental fit indices, Comparative Fit Index. This study also examined their interpretive value in assessing model fit.

The Comparative Fit Index (CFI), one of the most popularly reported fit indices due to being one of the measures least effected by sample size, takes into account a sample size that performs well even when sample size is small (Tabachnick & Fidell, 2013). This index assumes that all latent variables are uncorrelated, that is, independent model and compares the sample covariance matrix with this independent model (Kline, 2011). The values for this statistic range between 0.0 and 1.0 with values closer to 1.0 indicating good fit. Indeed, a value of CFI greater than or equal to 0.95 is presently recognized as indicative of good fit.

Goodness-of-Fit Index (GFI) is used to measure the amount of variance and covariance in the observed correlation matrix that is predicted by the model-implied correlation matrix. Values between 0.90 and 1.0 are indicated acceptable. Adjusted Goodness-of-Fit Index (AGFI) corrects the GFI, which is affected by the number of

indicators of each latent variable. Values for the AGFI also range between 0 and 1.0 and it is generally accepted that values of 0.90 or greater indicate well-fitting models.

Root-Mean-Square Error of Approximation, RMSEA, assesses how poorly the model fits the data by considering the error of approximation, which concerns the lack of fit of the researcher's model to the population covariance matrix. Values up to 0.08 indicate reasonable fit to the data. If the samples are large, values of less than 0.10 are also acceptable. Shamsuddin, Othman, Shahadan and Zakaria (2012) used RMSEA, GFI, CFI, RMR in their study on The Dimensions of Corporate Entrepreneurship and the Performance of Established Organization.

4.7.2.1 The Role of Technology Infrastructure on Customer Loyalty

The first specific objective of this study was to assess the role of technology infrastructure on customer loyalty in the hotel industry in Kenya. Normality test on the factors produced Skewness values between -1 and +1. The outliers were tested for each of the observations, with observations farthest from the centroid, Mahalanobis distance, being taken into consideration. There were no outliers detected because the values obtained in testing the model fit indices were within the thresholds as shown in table 4.46.

Outliers affect the constancy of variance of the error term and bring about heteroscedasticity. Lack of outliers indicates a normally distributed population. This means that the test of significance and conclusion on hypothesis are more accurate in this study.

Table 4.46 Model Fit Indices for the Role of Technology Infrastructure

Model	CFI	GFI	AGFI	RMSEA
Default model	0.910	0.830	0.739	0.121
Saturated model	1.000	1.000		
Independence model	0.000	0.360	0.232	0.356

The hypothesis to test for this specific objective was:

H_{01}: Technology infrastructure has no significant role on customer loyalty in the hotel industry in Kenya.

In order to test the statistical significance T-value was calculated. To get the t-value you divide the standardized estimate by the standard error. In this case $\frac{0.634}{0.131} = \mathbf{4.8397}$ which is greater than 2. The threshold for t-value is 2 (Fisher, 1926). This study found that there was a positive relationship between technology infrastructure and customer loyalty. This was demonstrated by technology having the standardised estimate of 0.63 with a standard error of 0.131. In this regard, H_{01} was rejected. The test for significance for this model is shown in figure 4.3.
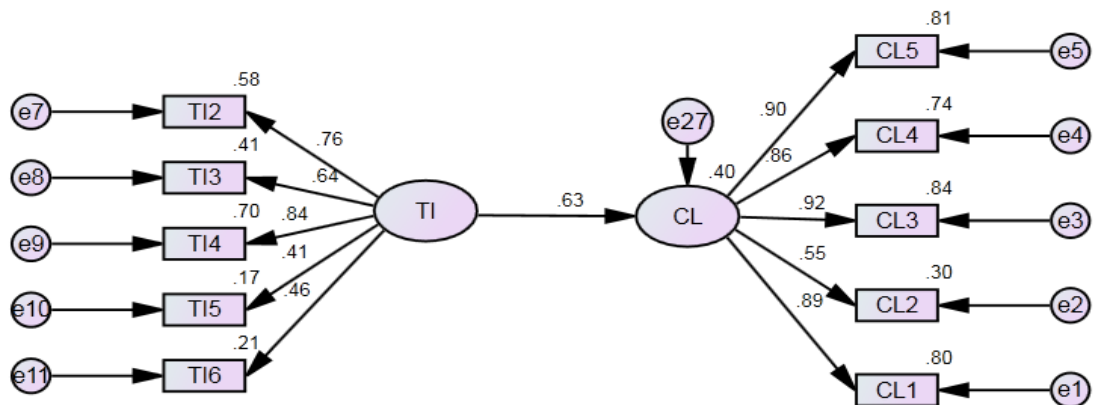
Figure 4.3 Significance Test Result for the Role of Technology Infrastructure

Therefore, Technology Infrastructure was significant at 95% significance level (α-level 2.5% for a 2-tailed test) with t=4.8397 since the threshold for t statistics is 2. Popular α-levels are 10% (0.1), 5% (0.05), 1% (0.01), 0.5% (0.005), and 0.1% (0.001).

The findings agree with those of Kapiki (2012) analysed the current and Future Trends in Tourism and Hospitality: The Case of Greece. The study identifies some of the current and future trends affecting the tourism and hospitality industry, including globalization, guests' safety and security, the importance of offering outstanding services, the new technologies that enhance competitiveness, the demographics of the population that impacts directly on tourism demands and the correlation between price and value. The study found out that technology is a driving force of change that presents opportunities for greater efficiencies and integration for improved guest services. Effective use of information technology can make significant operational improvements by providing

4.7.2.2 The role of Service Quality on Customer Loyalty

The second specific objective of this study was to determine the role of service quality on customer loyalty in the hotel industry in Kenya. Normality test on the factors produced Skewness values between -1 and +1. The outliers were tested for each of the observations, with observations farthest from the centroid, Mahalanobis distance, being taken into consideration. There were no outliers detected because the values obtained in testing the model fit indices were within the thresholds as shown in table 4.47. Outliers affect the constancy of variance of the error term and bring about heteroscedasticity. Lack of outliers indicates a normally distributed population.

This means that the test of significance and conclusion on hypothesis are more accurate in this study.

Table 4.47 Model Fit Indices for the Role of Service Quality

Model	CFI	GFI	AGFI	RMSEA
Default model	0.97	0.921	0.864	0.076
Saturated model	1	1		
Independence model	0	0.411	0.264	0.369

The hypothesis to test for this specific objective was:

$H_0 2$: Service quality has no significant role on customer loyalty in the hotel industry in Kenya.

In order to test the statistical significance T-value was calculated. To get the t-value you divide the standardized estimate by the standard error. In this case $\frac{0.411}{0.164} = 2.506$ which is greater than 2. The threshold for t-value is 2 (Fisher, 1926). This study found that there was a positive relationship between service quality and customer loyalty with the standardized estimate of 0.411 and a standard error of 0.164. In this regard, H_{02} was rejected. The test for significance for this model is shown in figure 4.4.
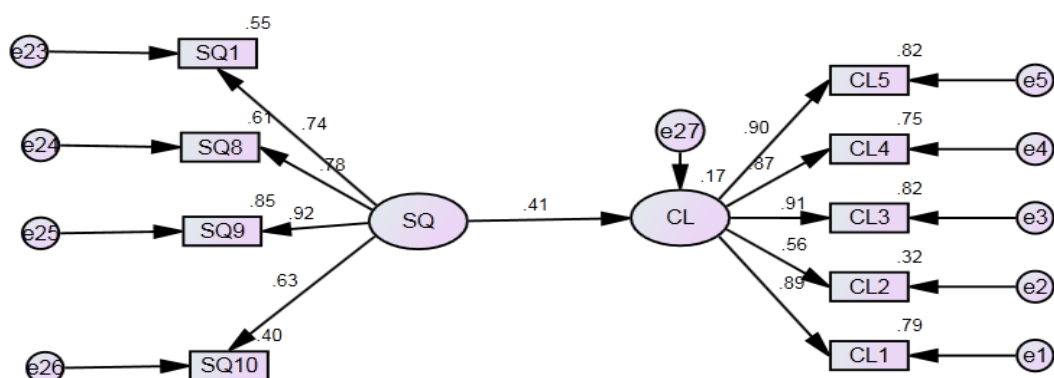
Figure 4.4 Significance Test Result for the Role of Service Quality

Therefore, service quality was significant at 95% significance level (α-level 5% for a 2-tailed test) with t=2.506 since the threshold for t statistics is 2. Popular α-levels are 10% (0.1), 5% (0.05), 1% (0.01), 0.5% (0.005), and 0.1% (0.001) (Fisher, 1926).

The results are in line with Malik et al. (2011) who carried out a study on hotel service quality and brand loyalty. The study concluded that customers' perceptions regarding hotel brand quality dimensions such as "tangibles", "reliability" and "empathy" contributed to build their brand loyalty meaning that service quality led to a strong brand loyalty because employee's behavior and attitude shape customers' overall perceptions about the brand.

4.7.2.3 The role of Personalization of Services on Customer Loyalty

The third specific objective of this study was to find out the role of personalization of services on customer loyalty in the hotel industry in Kenya. Normality test on the factors produced Skewness values between -1 and +1. The outliers were tested for each of the observations, with observations farthest from the centroid, Mahalanobis distance, being taken into consideration. There were no outliers detected because the values obtained in testing the model fit indices were within the thresholds as shown in table 4.48. Outliers affect the constancy of variance of the error term and bring about heteroscedasticity. Lack of outliers indicates a normally distributed population. This means that the test of significance and conclusion on hypothesis are more accurate in this study.

Table 4.48 Model Fit Indices for the role of Personalization of Services

Model	CFI	GFI	AGFI	RMSEA
Default model	0.952	0.882	0.821	0.085
Saturated model	1	1		
Independence model	0	0.363	0.236	0.345

The hypothesis to test for this specific objective was:

H$_0$3: Personalization of services has no significant role on customer loyalty in

the hotel industry in Kenya.

In order to test the statistical significance T-value was calculated. To get the t-value you divide the standardized estimate by the standard error. In this case $\frac{0.624}{0.382} = 1.6335$, this is less than 2. The threshold for t-value is 2 (Fisher, 1926). This study found that there was a positive relationship between personalization of services and customer loyalty however the model is not significant since the standardized estimate is 0.624 and standard error of 0.382. In this regard, the study failed to reject H$_{03}$. The test for significance for this model is shown in figure 4.5. This means that there is a possibility that Personalization of Services does not necessarily result in Customer loyalty.
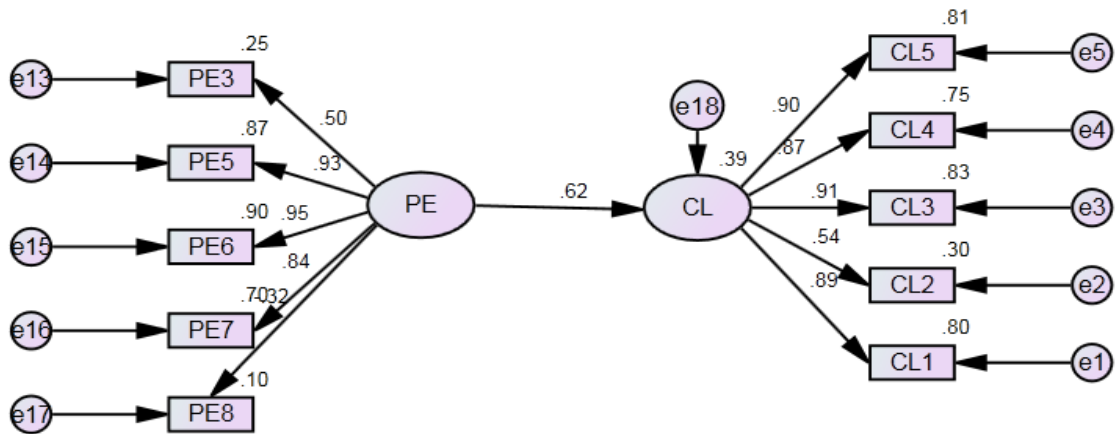
Figure 4.5 Significance Test Result for the role of Personalization of Services

Therefore, personalization of services was insignificant at 95% significance level (α-level 5% for a 2-tailed test) with t=1.6335 since the threshold for t statistics is 2. Popular α-levels are 10% (0.1), 5% (0.05), 1% (0.01), 0.5% (0.005), and 0.1% (0.001) (Fisher, 1926).

Nowadays, companies try to increase their loyal customers by taking advantage of some relationship marketing tactics. One of the most important tactics is personalization. Marketers and managers should try to fulfill each customer's needs based on individual's desires. This can increase their customers' commitment and satisfaction. Therefore, these customers are more likely to remain with the company and become loyal. The findings disagree with those in Banga et al. (2013) who studied the CRM practices in hotel industry and found out that most of the managers had a positive attitude towards CRM, personalization and customization of services was very significant for customer loyalty and that CRM practices helped the hoteliers

to increase customer satisfaction, win customer loyalty and retain the customers resulting in increased market share and high profitability.

4.7.2.4 The Role of Customer Orientation on Customer Loyalty

The fourth specific objective of this study was to explore the role of customer orientation on customer loyalty in the hotel industry in Kenya. Normality test on the factors produced Skewness values between -1 and +1. The outliers were tested for each of the observations, with observations farthest from the centroid, Mahalanobis distance, being taken into consideration. There were no outliers detected because the values obtained in testing the model fit indices were within the thresholds as shown in table 4.49. Outliers affect the constancy of variance of the error term and bring about heteroscedasticity. Lack of outliers indicates a normally distributed population. This means that the test of significance and conclusion on hypothesis are more accurate in this study.

**Table 4.49 Model Fit Indices for the role of Customer Orientation**

Model	CFI	GFI	AGFI	RMSEA
Default model	0.974	0.917	0.866	0.07
Saturated model	1	1		
Independence model	0	0.357	0.214	0.375

The hypothesis to test for this specific objective was:

H$_0$4: Customer orientation has no significant role on customer loyalty in the hotel industry in Kenya.

In order to test the statistical significance T-value was calculated. To get the t-value you divide the standardized estimate by the standard error. In this case

$\frac{0.656}{0.161} = \mathbf{4.0745}$ which is greater than 2. The threshold for t-value is 2 (Fisher, 1926). This study found that there was a positive relationship between customer orientation and customer loyalty this was evidenced by the standardized estimate value of 0.66 with a standard error of 0.161. In this regard, H_{04} was rejected. The test for significance for this model is shown in figure 4.6.
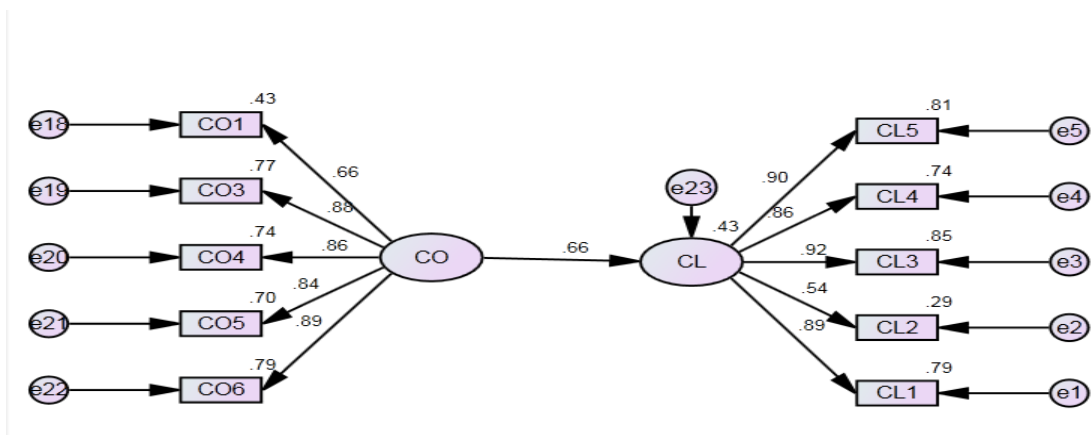
Figure 4.6 Significance Test Result for the Role of Customer Orientation

Therefore, customer orientation was significant at 95% significance level (α-level 5% for a 2-tailed test) with t=4.075 since the threshold for t statistics is 2. Popular α-levels are 10% (0.1), 5% (0.05), 1% (0.01), 0.5% (0.005), and 0.1% (0.001) (Fisher, 1926). The results have revealed that service firms, like hotels, require a better understanding of customer orientation and its great importance to such firms and their performance Customer orientation, particularly on service employee is very important to attract new customers and keep existing customers. With the performance of service personnel often constituting a major element of a service *per se*, the customer orientation of service personnel is often regarded as a main determinant of service firms' success. Customer orientation (CO) and the

development of long-term relationships with customers are known conditions for growth and profit sustainability. Businesses use special treatments, inducements, and personal gestures to show their appreciation to customers.

Customer orientation and customer focus have become key words for businesses to succeed in the competitive market place. Customer orientation is critical for developing long term relationship with customers, gaining competitive advantage, maintaining growth and profit sustainability, and business success. Additionally, it helps firms achieve sustainable sales growth over time. Customer-oriented salespeople should avoid actions which sacrifice customer interest in order to increase the probability of an immediate sale. Instead, they should be willing to go the extra distance to protect the interests of their patrons. In the end this should pay off as customers reciprocate with positive word-of-mouth and loyalty.

4.8 Overall Structural Equation Model

An overall structural equation model encompassing the measurement models and structural model was established by extending the hypothesized relationships among the latent variables, depicted graphically with straight one-headed arrows as shown in figure 4.7. In the hypothesized relationships, customer loyalty was set as the dependent variable or endogenous latent variable. Four independent latent variables, that is, technological infrastructure, service quality, personalization of services, and customer orientation were set as exogenous variables. The hypothesized structural equation model was tested using the maximum likelihood method and evaluated on the same fit criteria used in assessing the measurement models.

All alternative fit statistics showed acceptable fit threshold levels, suggesting a good fit between the hypothesized model and the data. The overall model data confirms the significant association of the relationship between customer relationship management dimensions and customer loyalty. Table 4.44 shows that the model fitness is adequate.

All the regression weights for the variables were significant at the 0.10 α-level indicating reasonable specification of the structural equation model (Hair, Sarstedt, Pieper & Ringle, 2012). All alternative fit statistics in Table 4.50 showed acceptable fit threshold levels, suggesting a good fit between the hypothesized model and the data.
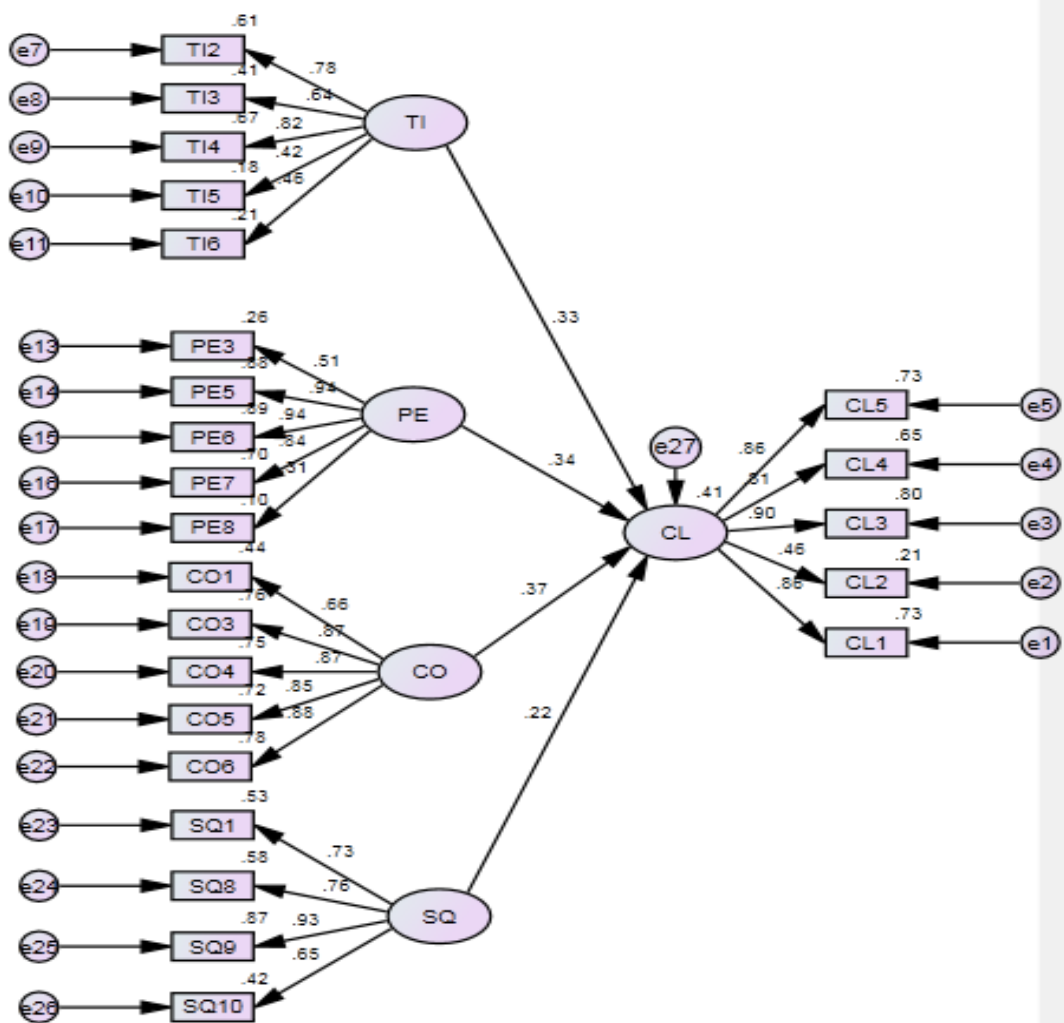
Figure 4.7 Structural Equation Model

Table 4.50 Model Fit Indices for the Overall Structural Model

Model	CFI	GFI	AGFI	RMSEA
Default model	.874	.738	.689	.079
Saturated model	1.000	1.000		
Independence model	.000	.291	.301	.211

4.9 Summary of Hypothesis Testing Results

The results of hypothesis testing show that out of the four hypothesized relationships, only one was not statistically significant. This was the relationship between personalization of services and customer loyalty in hotels in Kenya, meaning that there is a possibility that personalization of services did not contribute immensely to customer loyalty. The results are shown in table 4.51.

Table 4.51 Hypothesis testing results

Hypothesis	T-Statistics	Model Results	Conclusion
H_{01}	4.8397	Significant at 5% α-level	Reject H_{01}
H_{02}	2.506	Significant at 5% α-level	Reject H_{02}
H_{03}	1.6335	Not significant at 5% α-level	Fail to reject H_{03}
H_{04}	4.0745	Significant at 5% α-level	Reject H_{04}

This study found that there was a positive relationship between technology infrastructure and customer loyalty. This was demonstrated by technology having the standardised estimate of 0.63 with a standard error of 0.131. The findings are consistent with those of Brewer et al. (2008) in the study current and future technology use in the hospitality industry who found out that using technology to enhance the customer experience and increase revenue will be the focus in the future.

The study also established that there was a positive relationship between service quality and customer loyalty with the standardized estimate of 0.411 and a standard error of 0.164. The results concur with a study conducted by Syaqirah and Faizurrahman (2014) on managing customer loyalty in the hotel industry in Malaysia. The study measured service quality and customer's consumption emotions and found out that fulfilling customer expectations through excellent service quality encourages them to revisit and stay again.

There was a positive relationship between personalization of services and customer loyalty. However, the model is not significant since the standardized estimate is 0.624 and standard error of 0.382. The findings concur with Shen and Dwayne (2009) in their study is personalization of services always a good thing? Exploring the role of technology-mediated personalization (TMP) in service relationships who concluded that personalization is not always good enhancement to service: its effects have contingencies and vary across the categories.

It was established that there was a positive relationship between customer orientation and customer loyalty. This was evidenced by the standardized estimate value of 0.66 with a standard error of 0.161. These results are consistent with the findings of Schulz and Omweri (2012) who concluded that when top management and staff are involved in creating a positive image, and customer concern by the personnel improved the image of the establishment.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter finalizes the study by proving the summary of key findings, conclusions, recommendations, and areas of further studies. The summary, conclusions and recommendations are aligned to the specific objectives of the study.

5.2 Summary of the Findings

The general objective of the study was to determine the role of customer relationship management practices on customer loyalty in the hotel industry in Kenya. The study relied on theoretical and empirical studies on customer relationship management dimensions and consequently developed a conceptual model of the relationship between the predictors and the dependent variable. The hypothesized relationships were then tested empirically.

5.2.1 The Role of Technology Infrastructure on Customer Loyalty in the Hotel Industry in Kenya

Technologies infrastructure had a positive relationship with customer loyalty in the hotel industry in Kenya with a standardized estimate of 0.63, a standardized error of 0.131 and a t statistic of 4.8397. Consequently, the null hypothesis was rejected. Technological infrastructure had a statistically significant influence on customer loyalty in the hotel industry in Kenya. The study also found out that the hotel industry had invested in sufficient technological facilities and infrastructure. However many lacked Video conferencing, on line check in /check out and Radio-

145

Frequency Identification (RFID). There was low investment in security systems and very few hotels had budgets for technology upgrades. The hotels also were not keen in investing in the training of staff and majority of the staff learnt on the job.

The findings are consistent with those of Brewer et al. (2008) in the study current and future technology use in the hospitality industry who found out that using technology to enhance the customer experience and increase revenue will be the focus in the future. Technologies important to the customers were Wi-Fi access, entertainment systems and kiosks to print airline boarding passes.

5.2.2 The Role of Service Quality on Customer Loyalty in the Hotel Industry in Kenya

The study findings indicated that there was a positive relationship between service quality and customer loyalty in the hotel industry in Kenya with a standardized estimate of 0.411, a standard error of 0.164 and a t statistic of 2.506. The null hypothesis was thus rejected since service quality was statistically significant in explaining customer loyalty in the hotel industry. The hotels invested in creating admirable ambience which gave the customers confidence but had lack of urgency in delivering services to the customers. This could be attributed to the insufficient training of employees.

The results are in line with a study conducted by Syaqirah and Faizurrahman (2014) on managing customer loyalty in the hotel industry in Malaysia. The study measured service quality and customer's consumption emotions and found out that fulfilling

146

customer expectations through excellent service quality encourages them to revisit and stay again.

5.2.3 The Role of Personalization of Services on Customer Loyalty in the Hotel Industry in Kenya

Although personalization of services had a positive relationship with customer loyalty in the hotel industry in Kenya, it was statistically insignificant with a standardized estimate of 0.624, a standardized error of 0.382 and a t statistic of 1.6335. Therefore the null hypothesis was not rejected concluding that personalization of services did not directly affect customer loyalty. The hotels had put in place mechanisms allowing customers to request for personalized services but were not keen on offering differentiated services especially when it affected the pricing.

The findings are inconsistent with those of Banga et al. (2013) who studied the CRM practices in the hotel industry and found out that most of the managers had a positive attitude towards CRM and that personalization and customization of services was very significant for customer loyalty but concur with Shen and Dwayne (2009) in their study is personalization of services always a good thing? Exploring the role of technology-mediated personalization (TMP) in service relationships who concluded that personalization is not always good enhancement to service: its effects have contingencies and vary across the categories.

5.2.4 The Role of Customer Orientation on Customer Loyalty in the Hotel Industry in Kenya

Customer orientation had a relationship with customer loyalty in the hotel industry in Kenya with a standardized estimate of 0.66, a standardized error of 0.161 and a t statistic of 4.0745. Consequently, the hypothesis that there is no relationship between customer orientation and customer loyalty in the hotel industry in Kenya was rejected. As well, customer orientation had a statistically significant effect on customer loyalty in the hotel industry. All the four factors of customer orientation, namely customer needs, sensitivity, measurement of customer feedbacks and implementation of customer responses and complaints contributed significantly to customer orientation influencing customer loyalty in the hotel industry in Kenya.

These results are consistent with the findings of Schulz and Omweri (2012) in their study on the effects of business image on customer loyalty in hotels in Eldoret who concluded that when top management and staff are involved in creating a positive image, and customer concern by the personnel improved the image of the establishment.

5.3 Conclusions

Customer loyalty is a difficult phenomenon to evaluate since it is highly intangible. The hotel industry on the other hand is very dynamic and highly depends on a myriad number of players to make it attractive to the market. From the service provider who must satisfactorily meet a customer's needs during one encounter, ensuring the identical service will be provided in the next purchase to the highly volatile external

environment. Customers often rely on intangible cues when deciding whether or not to become loyal customers. Hence the findings of this study established that customer relationship management as a strategy can be very beneficial to an organisation if practiced properly.

Customer Relationship Management as a strategy is very critical in this era where the customer is enlightened and spoilt for choice. The number of hotels keep increasing every year while the numbers of bed occupants keep diminishing. The study found out that Technology infrastructure, customer orientation and service quality play a direct role in customer loyalty in the hotel industry in Kenya. The customer is attracted to tangible offers from the hotel and also appreciates his/her concerns and complaints addressed immediately.

Technology infrastructure in the hotel industry should to be accorded special attention as it has great impact on customer loyalty according to this study. Hotels must embrace the latest technology for competitive advantage. Technology is ever changing and as such provides a variety of systems for doing businesses to manage customer relationships efficiently and effectively. Strategic use of technology infrastructure provides hotels with the ability to monitor and predict purchasing habits of current customers, future customers and clusters of customers. Technological systems also provide hotels with a platform to gain competitive and strategic advantage when they invest in the latest security systems and make hotel processes faster and easier for their customers.

Competition in the contemporary service business is intensifying and it is vital for the service sector to understand service quality as a factor of strategic competitiveness. Consequently, service quality should be looked at as a distinctive approach to service competition. While competitive service strategies may be different, they should also be based on service quality, considering variance in servicing customers' needs, purchasing behaviour and consumption patterns.

Customer orientation leads to increased organizational performance thus the management should see customer orientation as one of the market beneficial sources. It helps organization to understand the customer and hence it helps in delivering an appropriate plan to satisfy customer needs. Through customer orientation, the hotel management should spare some time to spend and interact with their customers so as to get some feedback on the expectations of their services and what they actually get in the hotel.

The study therefore concludes that to retain customers, hoteliers need to employ CRM dimensions in a planned and organized way to attract and build long term relationships for their current and future business. The study, however, concluded that personalization of services may not necessarily lead to customer loyalty. Personalization of services influences customer loyalty indirectly. The loyalty of the customer is more influenced by the other dimensions directly.

5.4 Recommendations

The study recommends that hotels have budgets specifically for technology upgrading and training of staff to on technology use. Majority of the customers in this industry come from highly technologically developed countries. The study also e recommends that the government should provide and invest in modern technology infrastructure in order for the hotel industry to leverage on especially the provision of internet throughout the country. In addition to making investment in technology systems and security systems cheaper, it will open tourism hotspots in other areas other than the common Coastal, Nairobi and the Mara region in line with the objectives of vision 2030. The study also recommends the use of online promotion strategies to market the industry to both the local and international markets. There already exists a few private companies like Trip Advisor and Jovago who are already practicing this. The availability of the internet will lead to effective use of this strategy.

The study further recommends the hoteliers to employ staff who are fully trained in the hospitality industry and also recommends the need for standardization of the training curriculum for service providers in the hotel industry. The study recommends an establishment of a recognized body to regulate the training curriculum in the industry similar to the Council of Legal Education or the Engineers Board. This will ensure that the employees in the Industry are highly professional and match the international standards. This will generate a caliber of employees who

have excellent customer service leading to improved service quality and eventually increased customer loyalty.

The study also recommends that all hotels, restaurants and lodges become members of one umbrella body that regulate their operations and activities. Currently, only 147 hotels and lodges are members of the Kenya Association of Hotel Keepers and Caterers. Through this umbrella body, the hotels can come up with well - defined loyalty programmes where customers can benefit from non - monetary bonuses like earning loyalty similar to Continuing Professional Development (CPD) points which can later be redeemed at airlines or upon a repeat stay at a hotel or entry into tourism sites. The body should also encourage local tourism through attractive loyalty programmes. This will encourage customer loyalty in the hotel industry. In summary, the hotels and lodges should allocate more resources to customer relationships as this will lead to loyal customers. The loyal customers will in turn market the hotel to new customers and hence lead to the realization of the economic pillar of Vision 2030.

5.5 Contribution to the existing body of knowledge

This study contributes to the body of knowledge by providing a strategic framework based on CRM dimensions that organizations can use to attract and retain customers. The findings of this study have led to the development of a new model which states that the CRM dimensions: technology infrastructure, service quality and customer orientation can be adopted as a strategy to influence customer loyalty contrary to some of the previous findings.

The study contributes to the empirical literature by establishing that CRM dimensions has a significant relationship with customer loyalty in the hotel industry and that the hotel industry should focus on implementing the CRM strategy appropriately by focusing on training programmes that support the implementation of the CRM strategy.

The study brings out the importance of the independent variables: technology infrastructure, customer orientation and service quality to customer loyalty. This is a departure from the previously belief that CRM is based on technology alone. The findings will be used in the hotel industry to ensure despite the turbulent environment, they can reap maximum benefits of the strategy.

5.6 Areas for Further Study

The study of customer relationship management concentrated on only four sub-variables. It was not possible to study all factors that determine success of customer relationship management. Certainly, other factors come into the interplay and provide insightful results to the relationship between CRM and customer loyalty.

Secondly, the study relied on cross-sectional data survey where the respondents were asked to assess viewpoints on the item in the instrument. But some success factors of CRM are known to be strategic and dynamic in nature. Therefore, a longitudinal study would be more preferable as it could provide a better perspective in addition to further informing the policy frameworks of CRM.

Thirdly, the study failed to reject the null hypothesis that there is no relationship between personalization of services and customer loyalty in the hotel industry in Kenya. Failure to reject the null hypothesis does not mean accepting the alternate hypothesis. Further studies can be carried out in this area within the same industry.

Lastly, the findings presented in this study are based on evidence gathered from the hospitality industry. Future research should be extended to other industries, for example, financial and educational institutions whose CRM issues closely relate to those of the hospitality industry.

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RE: LETTER OF INTRODUCTION AND QUESTIONNAIRE GUIDE

Date………………………………….

To…………………………………….

…………………………………….

…………………………………….

Dear Sir/Madam,

RE: COLLECTION OF RESEARCH DATA

My names is Maureen Kangu, a student at Jomo Kenyatta University of Agriculture and Technology (JKUAT), Pursuing PhD in Business Administration – Finance option. I am currently carrying out a research on "**The Role of Customer Relationship Management Dimensions on Customer Loyalty in the Hotel Industry in Kenya**." I am at this point in the process of gathering relevant data for the purpose of this study. You have been identified as a key respondent in this study. I therefore write to kindly request for your highly appreciated assistance towards making this study a success by taking some time to respond to the attached

questionnaire. I assure you that your responses will be treated with confidentiality and will be used solely for the purpose of this study.

It will appreciate if you can fill the questionnaire the soonest possible to enable early finalization of the study. Thank you for your valuable time and responses.

Yours Sincerely

Maureen A. Kangu

Student Reg. No.: HD 433 – 1124/2010

Appendix II Letter of Authorization

P.O. Box 12277-00400

Nairobi - Kenya

Email: mukaks@yahoo.com

Date……………………

The Director

xxxxxxxxx

P.O. Box ………………………

NAIROBI

Dear Sir/Madam,

RE: **Academic Research Data – "The Role of Customer Relationship Management Dimensions on Customer Loyalty in the Hotel Industry in Kenya"**

I am a student pursuing a PhD in Business Administration- Strategic Management Option at Jomo Kenyatta University of Agriculture and Technology (JKUAT). I am required to undertake a research thesis as partial fulfillment for the award of this degree. My research topic is stated above.

The purpose of this letter is to request you to grant me permission to collect relevant data from selected respondents among your senior management staff and customers.

I assure you that all the data collected will be treated with utmost confidentiality and will be used solely for the purposes of this study only.

Looking forward to your valuable support, I do wish you and your esteemed hotel the very best of the years to come. Thank you.

Maureen A. Kangu

Student Reg. No.: HD 433 - 1124 /2010

INTRODUCTION

This questionnaire is meant to Test **The Role of Customer Relationship Management Dimensions on Customer Loyalty in the Hotel Industry in Kenya**. Specifically it will involve aspects of technology infrastructure, service quality, customer orientation and personalization of services.

N.B: All surveys are confidential. Only the researcher sees and processes the questionnaire.

SECTION A: GENERAL INFORMATION

This section is intended to obtain general information in relation to the hotel.

(Enter respective code in the bracket provided as indicated below)

[1]

A1.TYPE OF HOTEL	**A4: AGE OF RESPONDENT**
1=Hotel 2=Lodge [ ] 3=other specify_____	1=Below 20 2=21 - 30 3=31 – 40 [ ] 4=41 - 50 5=Over 50
A2.YEARS OF OPERATION 1=less than 5 years 2=5 – 9 years 3=10 – 15 years [ ] 4=16 - 20 years 5=more than 20 years	**A5: EXPERIENCE OF RESPONDENT** 1=less than 1 year 2=less than 2 years 3=less than 5 years [ ] 4=less than 10 years 5=less than 20 years

A3.NUMBER OF EMPLOYEES	A6: HIGHEST EDUCATIONAL LEVEL OF RESPONDENT
1=50 and below	1=Diploma
2=51 - 100	2=Associate Degree
3=101 - 150 [ ]	3=Bachelor Degree [ ]
4=151 - 200	4=Master Degree
5=more than 200	5=PhD

SECTION B

I (a) Technology Systems

Some technology systems that contribute in enhancing CRM are listed below. Please

tick (√) as appropriate the technology systems available in your hotel.

	Technology systems used in the hotel	Please tick
1.	Intelligent e-mail system	
2.	Voice through Internet Protocol (VOIP)	
3.	Voice recognition equipped interactive voice response (IVR)	
4.	IP-based call centers	
5.	Web chat	
6.	Web Callback	
7.	Video conferencing	
8.	Order tracking system	
9.	Personalized web pages	
10.	Any other specify: -- -- ---	

I (b) Technology Security

Some security systems that contribute in ensuring technology security are listed below. Please tick (√) as appropriate the security systems available in your hotel.

	Security Systems	Please tick
1.	Physical security systems	
2.	Anti-virus security systems	
3.	Hardware firewall security systems	
4.	Software firewall security systems	
5.	Non-reusable password security systems	
6.	Encrypted log-in security systems	
7.	Internet scanning security systems	
8.	File encryption security systems	
9.	Intrusion detection security systems	
10.	Image server security systems	
11.	Digital ID server security systems	
12.	Vulnerability assessment scanning security systems	
13.	Biometric security systems	
14.	Honeypot security systems	

I(c) Technology infrastructure

Below are statements regarding technology in the hotel industry in Kenya. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes using a tick (√).

	Strongly Agree	Agree	Nether disagree nor Agree	Disagree	Strongly disagree
Statement	5	4	3	2	1
Use of Technology Systems					
Our hotel has sufficient technological facilities					
Technology plays a significant role in increasing customer service levels and enhancing customer loyalty					
Our customers have strong preferences for technological services					
Our customers are likely to use more technological services in the future					
Security					
Our Hotel is keen on practicing data security and privacy					
Our hotel has its own established ICT department.					
The cost of upgrading security systems is budgeted for in our hotel					
Staff Skills					
It is costly to employ highly skilled technological personnel					
Our hotel has employed enough skilled personnel					
Our hotel gives on the job training to our staff on the use of technology					

II. Service Quality

Below are statements regarding service quality in the hotel industry in Kenya. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√).

		Strongly agree	Agree	Nether disagree nor Agree	Disagree	Strongly disagree
Statement		**5**	**4**	**3**	**2**	**1**
Tangibility						
1.	Our hotel has modern looking equipment and facilities					
2.	Our hotel employees are neat-appearing with elegant uniforms					
Reliability						
3.	We perform the service right the first time					
4.	When our customers have a problem, the hotel shows a sincere interest in solving it					
Responsiveness			Strongly Agree		Agree	
5.	Our employees provide prompt services to our customers					
6.	Our employees are never too busy to respond to our requests request					

III. Personalization of Services

Below are statements regarding personalization of services in the hotel industry in Kenya. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√).

		Strongly Agree	Agree	Nether disagree nor Agree	Disagree	Strongly disagree
Statement		5	4	3	2	1
	Guest Intimacy					
1.	We offer new insights into consumer behaviour surroundings price-quality trade offs					
2.	Customers considering a purchase in a particular product or service category scan their product/service options and develop a consideration set.					
3.	We have a reward program that is meant to lock our customer					
	Complimentary Services					
4.	Our customers are given importance, cared and looked after sincerely					
5.	The privacy of our customers is not intruded into under any circumstances					
6.	The hotel strongly meets the customers' expectations in order to retain them and refer to others.					
	Specialized Services					
7.	Our hotel collects customer likes, dislikes, and preferences frequently.					
8.	The hotel differentiates the customers according to value and need.					
9.	The prevalence of frequent customer programs makes targeted promotions easier for retaining them.					
10.	Personalization of services leads to improved customer loyalty.					

IV. Customer Orientation

Below are statements regarding the Customer Orientation in the hotel industry in Kenya. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√).

		Strongly Agree	Agree	Nether disagree nor Agree	Disagree	Strongly disagree
Statement		5	4	3	2	1
	Customer Needs Identification					
1.	Our hotel has clear ideas of its customers and their needs					
2.	Managers in our hotel spend time with the customers					
3.	Meeting our customers' needs is a priority compared to meeting our own internal needs					
	Customer Involvement					
4.	Our hotel encourages our customers to get involved in the process of defining service targets and standards in the hotel where I work.					
5.	Our hotel knows exactly what aspects and characteristics of our service our customers value the most					
6.	Our hotel surpasses our customers' expectations as regards the things which are most important for them					
	Customer Complaints					
7.	Customers are encouraged to regularly give our hotel feedback about our business performance					
8.	Our hotel regularly analyzes customer complaints and the information we get is then used in the process of strategy development					
	Channels of Resolution					
9.	Our hotel responds quickly to our customers' comments and complaints					
10.	In our hotel, everyone is responsible for solving our customers' problems					

V. Customer Loyalty

Below are statements regarding customer loyalty in the hotel industry in Kenya. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√).

		Strongly Agree	Agree	Nether disagree nor Agree	Disagree	Strongly disagree
Statement		5	4	3	2	1
	Loyalty Programs					
1.	The hotel has more than 5 customer loyalty programs					
2.	We always reward our loyal customers with various none cash offers					
	Repeat Purchase					
3.	More than 50 percent of our hotel guests are repeat customers					
4.	Our repeat customers do not chose the hotel because of our prices					
	Referred Customers					
5.	More than 50 percent of our first time customers are referrals from existing customers.					
6.	Our customers often encourage other people to stay at this hotel.					
7.	Our customers say positive things about the hotel in the customer satisfaction results					

VI. In your opinion, are there other factors that influence customers being loyal to your organization? List them in the spaces below.

_____
_____
_____

Thank you for taking your quality time to respond to this research questionnaire.

Appendix IV The Sample Frame

S. No.	Name of Hotel/Lodge	Bed Capacity	Location
1.	Aberdare Country Club	48	Aberdare Highlands
2.	Afrochic Diani Beach Hotel	10	Mombasa
3.	Alliance Naro Moru River Lodge	44	Mount Kenya
4.	Almanara Luxury Villas	6	Mombasa
5.	Amani Tiwi Beach Resort	209	Mombasa
6.	Amboseli Serena Safari Lodge	95	Amboseli
7.	Amboseli Sopa lodge	83	Amboseli
8.	Ashnil Aruba Lodge	40	Tsavo East
9.	Bamburi Beach Hotel	150	Mombasa
10.	Baobab Beach Resort and SPA	323	Mombasa
11.	Blue Bay Village	50	Mombasa
12.	Blue Post Hotel	32	Thika
13.	Campers Haven and Jamboree Resort	40	Mombasa
14.	Central Park Hotel	85	Nairobi
15.	Clarion Hotel	62	Nairobi
16.	Coral Key Beach Resort	44	Malindi
17.	Cowrie Shell Beach Apartments	85	Mombasa
18.	Crown Plaza Hotel	162	Nairobi
19.	Diani Reef Beach Resort	143	Mombasa
20.	Diani Sea Lodge	169	Mombasa
21.	Diani Sea Resort	190	Mombasa
22.	Driftwood Beach Club	28	Malindi
23.	Eastland Hotel	180	Nairobi
24.	Eden Village Watamu Beach	70	Watamu
25.	Eka Hotel	170	Nairobi
26.	Emerald Beach Resort and SPA	281	Mombasa
27.	Emrald Flamingo Beach	137	Mombasa
28.	Enashipai Resort	50	Naivasha
29.	Fairmont Mara Safari Club	50	Masai Mara
30.	Fairmont Mount Kenya Safari Club	120	Nanyuki
31.	Fairmont the Norfolk	165	Nairobi
32.	Fairview Hotel	113	Nairobi
33.	Gishungo Apartment Hotels	27	Mombasa
34.	Golf Hotel	62	Nairobi
35.	Great Rift Valley Lodge and Golf Resort	30	Naivasha
36.	Hemmingways Nairobi	45	Nairobi

S. No.	Name of Hotel/Lodge	Bed Capacity	Location
37.	Hemmingways Watamu	76	Watamu
38.	Hill Park Hotel	51	Nairobi
39.	Hilton Hotel	287	Nairobi
40.	Intercontinental Nairobi	376	Nairobi
41.	Jacaranda Hotel	100	Nairobi
42.	Jacaranda Indian Ocean Beach Resort	100	Mombasa
43.	Karen Blixen Coffee Garden and Cottages	19	Nairobi
44.	Kaskazi Beach Hotel	191	Mombasa
45.	Keekorock Lodge	99	Masai Mara
46.	Kilaguni Serena Safari Lodge	56	Tsavo West
47.	Kilili Baharini Resort	35	Mombasa
48.	Kinondo Kwetu	15	Mombasa
49.	Kipungani Explorer	13	Lamu
50.	Kivi Milimani Hotel	131	Nairobi
51.	Laico Regency Hotel	232	Nairobi
52.	Lake Bogoria SPA Resort	139	Marigat
53.	Lake Elementaita Lodge	33	Nakuru
54.	Lake Naivasha Country Club	50	Nairobi
55.	Lake Naivasha Resort	24	Naivasha
56.	Lake Naivasha Sopa Resort	84	Naivasha
57.	Lake Nakuru Lodge	170	Nakuru
58.	Lantana Galu Beach	47	Mombasa
59.	Leisure Lodge Resort	140	Mombasa
60.	Leopard Beach Resort	158	Mombasa
61.	Leopard Rock Lodge	15	Meru
62.	Lion in the Sun	16	Malindi
63.	Lions Bluff Lodge	12	Tsavo
64.	Loisaba Lodge	7	Nanyuki
65.	Maanzoni Lodge	64	Nairobi
66.	Makwetu Resorts	20	Mombasa
67.	Mara Engai Indian Ocean Retreat	18	Kilifi
68.	Mara Serena Safari Lodge	74	Masai Mara
69.	Mara Simba Lodge	84	Masai Mara
70.	Masai Mara Sopa Lodge	99	Masai Mara
71.	Milele Beach Hotel	72	Mombasa
72.	Milele Hotel	83	Nairobi
73.	Mnarani Club and Spa	80	Kilifi
74.	Mombasa Beach Hotel	151	Mombasa
75.	Mombasa Continental Resort	248	Mombasa

S. No.	Name of Hotel/Lodge	Bed Capacity	Location
76.	Mpata Safari Club	23	Masai Mara
77.	Msambweni Beach House	6	Mombasa
78.	Mvuli House	95	Nairobi
79.	Nairobi Safari Club	146	Nairobi
80.	Nairobi Serena Hotel	195	Nairobi
81.	Naivasha Kongoni Lodge	29	Naivasha
82.	Naivasha Simba Lodge	70	Naivasha
83.	Ngong House	24	Nairobi
84.	Ngulia Safari Lodge	52	Tsavo West
85.	North coast Beach Hotel	111	Kilifi
86.	Nyali International Beach Hotel	172	Mombasa
87.	Ocean Sports Resort	29	Watamu
88.	Ol Donyo Wuas Lodge	10	Amboseli
89.	Ol Tukai Lodge	80	Amboseli
90.	Ole Sereni Hotel	134	Nairobi
91.	Outspan Hotel	45	Nyeri
92.	Pa Pweza Adamsville Beach Suites	25	Mombasa
93.	Pangoni Beach Resort	87	Mombasa
94.	Park Villa Hotel	20	Webuye
95.	Pine wood Beach Resort	59	Mombasa
96.	Plaza Beach Resort	88	Mombasa
97.	Rhino Watch Lodge	14	Mount Kenya
98.	Rondo Retreat Centre	18	Kakamega
99.	Royale Guest House	26	Thika
100.	Safari Park Hotel and Casino	204	Nairobi
101.	Samburu Game Lodge	61	Samburu
102.	Samburu Simba Lodge	70	Samburu
103.	Samburu Sopa Lodge	60	Samburu
104.	Sandies Tropical Village	109	Malindi
105.	Sankara Hotel	156	Nairobi
106.	Sarova Lion Hill Game Lodge	67	Nakuru
107.	Sarova Panafric Hotel	213	Nairobi
108.	Sarova Salt Lick Game Lodge	96	Taita Hills
109.	Sarova Shaba Game Lodge	85	Shaba Game Reserve
110.	Sarova Taita Hills Game Lodge	60	Taita Hills
111.	Sarova Stanley	217	Nairobi
112.	Sarova Whitesands Beach Resort	338	Mombasa
113.	Saruni Mara	7	Masai Mara
114.	Saruni Samburu	10	Samburu

S. No.	Name of Hotel/Lodge	Bed Capacity	Location
115.	Sentido Neptune Beach Resort	78	Mombasa
116.	Sentido Neptune Palm Beach Resort	60	Mombasa
117.	Sentido Neptune Paradise	259	Mombasa
118.	Serena Beach Hotel and SPA	164	Mombasa
119.	Serena Mountain Lodge	41	Mount Kenya
120.	Severin Sea Lodge	190	Mombasa
121.	Shimba	30	Shimba Hills
122.	Southern palms Beach Resorts	298	Mombasa
123.	Southern Sun Mayfair Hotel	171	Nairobi
124.	Sovereign Suites	16	Kiambu
125.	Sunrise Resort Apartments	52	Mombasa
126.	Sunset Hotel	50	Kisumu
127.	Surfside Villas	12	Mombasa
128.	Swahili Beach Resorts	142	Mombasa
129.	Swahili House	11	Mombasa
130.	Tawi Lodge	13	Amboseli
131.	Temple point Hotel	100	Watamu
132.	The Ark	60	Aberdare
133.	Boma Inn Nairobi	56	Nairobi
134.	The Boma Nairobi	148	Nairobi
135.	The Boma Inn Eldoret	67	Eldoret
136.	The Panari Hotel	136	Nairobi
137.	Travellers Beach Hotel	288	Mombasa
138.	Treetops	50	Aberdare
139.	Tribe – The village Market	142	Nairobi
140.	Turtle Bay Resort	145	Malindi
141.	Utalii Hotel	57	Nairobi
142.	Villa Rosa Kempinski	200	Nairobi
143.	Voi Safari Lodge	53	Tsavo East
144.	Voi Wildlife Lodge	88	Tsavo East
145.	Voyager Beach Resort	232	Mombasa
146.	White Rhino Hotel	11	Nyeri
147.	Windsor Golf Country Club	115	Nairobi

Appendix V Description of Factors of the Study Variables

Item	Descriptions	Construct (Informative & Reflective)
TI	Our hotel has sufficient technological facilities	
T2	Technology plays a significant role in increasing customer service levels and enhancing customer loyalty	
T3	Our customers have strong preferences for technological services	Technology infrastructure (TI)
T4	Our customers are likely to use more technological services in the future	
T5	Our Hotel is keen on practicing data security and privacy	
T6	Our hotel has its own established ICT department	
T7	The cost of upgrading security systems is budgeted for in our hotel	
T8	It is costly to employ highly skilled technological personnel	
T9	Our hotel has employed enough skilled personnel	
T10	Our hotel gives on the job training to our staff on the use of technology	
SQ1	Our hotel has modern looking equipment and facilities	
SQ2	Our hotel employees are neat-appearing with elegant uniforms	

Item	Descriptions	Construct (Informative & Reflective)
SQ3	We perform the service right the first time	Service Quality (SQ)
SQ4	When our customers have a problem, the hotel shows a sincere interest in solving it	
SQ5	Our employees are never too busy to respond to our customers request	
SQ6	Our Employees provide prompt services to our customers	
PE1	We offer new insights into consumer behaviour surroundings price-quality trade offs	
PE2	Customers considering a purchase in a particular product or service category scan their product/service options and develop a consideration set.	
PE3	We have a reward program that is meant to lock our customer	
PE4	Our customers are given importance, cared and looked after sincerely	
PE5	The privacy of our customers is not intruded into under any circumstances	
PE6	Our hotel collects customer likes, dislikes, and preferences frequently.	
PE7	The hotel strongly meets the customers' expectations in order to retain them and refer to others.	
PE8	The hotel differentiates the customers according to value and need.	Personalization of Services (PE)
PE9	The prevalence of frequent customer programs makes targeted promotions easier for retaining them.	
PE10	Personalization of services leads to improved customer	

Item	Descriptions	Construct (Informative & Reflective)
	loyalty.	
CO 1	Our hotel has clear ideas of its customers and their needs.	
CO 2	Managers in our hotel spend time with the customers	
CO 3	Meeting our customers' needs is a priority compared to meeting our own internal needs	
CO 4	Our hotel encourages our customers to get involved in the process of defining service targets and standards in the hotel where I work.	
CO 5	Our hotel knows exactly what aspects and characteristics of our service our customers value the most	Customer Orientation
CO 6	Our hotel surpasses our customers' expectations as regards the things which are most important for them	(CO)
CO 7	Customers are encouraged to regularly give our hotel feedback about our business performance	
CO 8	Our hotel regularly analyzes customer complaints and the information we get is then used in the process of strategy development	
CO 9	Our hotel responds quickly to our customers' comments and complaints	
CO 10	In our hotel, everyone is responsible for solving our customers' problems	
CL 1	The hotel has more than 5 customer loyalty programs	

Item	Descriptions	Construct (Informative & Reflective)
CL 2	We always reward our loyal customers with various none cash offers	
CL 3	More than 50 percent of our hotel guests are repeat customers	
CL 4	Our repeat customers do not chose the hotel because of our prices	(CL)
CL 5	More than 50 percent of our first time customers are referrals from existing customers.	
CL 6	Our customers often encourage other people to stay at this hotel.	
CL 7	Our customers say positive things about the hotel in the customer satisfaction results	