A Result Analysis: Influence of Client Absorbent on Hospitality Management

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Abstract:

Customer retention management (CRM) is imperative to the success of today's hotel sector in Donegal, as it is more cost efficient to retain valuable customers than to gain new one's and in the current economic climate this is of high importance. The MP hotel sector currently implements CRM strategies that have been updated since the economic downturn. The most common CRM strategy used in the hotel sector is Customer Loyalty Programs, which theory suggests that in the hospitality sector Loyalty Programs are common. There is confusion of marketing in the MP hotel sector and a factor influencing this is the reductions in marketing budgets and that marketing personnel tend not to be marketing managers but rather owners and managers.

Customer retention management has important elements in order to be effective. Customer satisfaction, relationship marketing, loyalty programs, data collection, complaints handling services, recovery strategies and post purchase follow up. The research process carried out by two phases, one descriptive in approach and one exploratory in approach. The researcher identified that by using triangulation it allowed the data from both phases to be corroborated and analysed with reference to theory highlighted in the literature review.

I.   Introduction:

In today's highly competitive, dynamic and challenging business environment, the level of consumer product acceptance and preference are critical for the survival of a business. In the 21_{st} century consumers are becoming more rational and speculative in their purchase decision and are willing to spend on products they believe will give them value and maximize their utility owing to the fact that several factors must be considered. In addition to these, globalization enables consumers to get access to valuable information about a product and service before purchase decisions are made. This situation force companies to put an extra effort in attracting and retaining customers. Nowadays in highly competitive business environment let alone attracting new customers, even keeping existing customers is very difficult. This situation is clearly exhibited in the MP hotel industry for the past few years.

Customer Retention is the maintenance of the patronage of people who have purchased a company's goods or services once and the gaining of repeat purchases. Customer retention occurs when a customer is loyal to a company, brand, or to a specific product or service, expressing long-term commitment and refusing to purchase from competitors (Mathapati, 2009). These customers buy more per year, buy higher priced options, buy more often, are less price sensitive, are less costly to serve, are more loyal, talk favorably about the company and its products and have a higher lifetime value (Hughes, 2006). This implies, customer retention is beyond satisfying and maintaining existing customers. Therefore, effort is required from companies to upgrading customer retention strategies.

Customer retention has been the choice of many companies owing to the fact that, it generates more profit by reducing the cost incurred in acquiring new customers. In order to succeed in business, companies should segment and target customers given that it is very difficult and costly to satisfy every customer in the market. Companies normally would aim to make a profit on each transaction. Now companies are focusing on their most profitable customers, products, and channels (Kotler & Keller, 2006).

The objective of a customer retention strategy should be to nurture long-term relationships with customers through trust, responsiveness, customized services and reliability. Customer retention activity begins at the point when the customers sign up to the services. To retain customers the company needs a powerful database, which should store detailed customer profile data and a full communications history, thus allowing the customer base to be segmented and to target specific groups of customers with tailored offerings (Xevelonakis, 2005). Thus, customer retention is, perhaps, the best measure of quality and reflects the firm's ability to hang on to its customers by consistently delivering value to them (Kotler et al., 2005).

Ethiopia is one of the oldest colonized and independent country in history that possess the highest number of UNESCO World Heritage Sites in Africa. Moreover, Ethiopia is a multiethnic, multi-religious and multicultural country with a number of religious and cultural celebrations, practices and holidays throughout the year (Alelign, 2013). Ethiopia is also a strategically important country in the Horn of Africa for most countries and therefore, many international meetings and conferences are held in the capital. This creates a huge demand for accommodation at an international standard and even an increase in such a demand is expected in the future. Consequently, people who have understood the demand have started investing in the hospitality industry at different levels and capabilities (Gobena & Gudeta, 2013).

II. Related Work:

As Enyioko & Onwusoro, 2011 cited Sorce 2010, Customer retention is a performance indicator that has the tendency of a customer to "stick with" a brand above and beyond the objective and subjective assessments. Organizations must fulfill their promises to customers as this will lead to customer satisfaction, customer retention and long-term profitability for the organization. Just as a customer acquisition strategy aims to increase the customer base, the focus of customer retention is to keep a high proportion of current customers by reducing customer defections (Lombard, 2011). As Ahmed & Buttle (2001) cited in Ali et. al, 2013 intimate that customer retention could be seen as the mirror image of customer defection, where a higher retention rate has the same significance as the low defection rate.

Customer retention in hotels is a major factor to be considered because lack of customers in the hotels will lead to lower sales thus closing up of the establishment. Retaining loyal customers for hoteliers is essential and a core factor in keeping the hospitality (hotels) in shape and competitive

enough to level up the changing trends that has impacted such business and economic activities of the hotel markets (Schulz & Omweri, 2012).

According to Kotler & Armstrong (2006), hospitality industry recognizes that superior quality of service is one of the crucial factors within its control that can add value to its image and harmoniously will lead into customer retention and loyalty, then good image as well as the As Schulz & Omweri, 2012 cited Armstrong & Kotler (2008), as specific and important relation between corporate and managing performance would influence the organization profit. Those customers are assets to hotels and retaining customers in the hotels will boost high profits in return. Therefore good business image in hotels will lead to customer retention and in turn will yield high profits. This is because a hotel having more loyal customers will definitely have many customers and thus increase the hotels revenue.

Customer retention programs must include a customer centric management approach which identifies and segments profitable customers it wants to retain, customers who should be served well; and customers who should not be aggressively retained due to their marginal profitability. Gupta, Lehmann, D.R. & Stuart, (2004) as cited in Nataraj (2010), while fostering satisfaction and loyalty it is mutually beneficial for the business and customers, and it facilitates the efficient use of labor and technical resources to meet even more consumer needs. Moreover, Kotler & Keller (2006), believes that technological application have increasingly lead to customer retention, since customers have become increasingly driven by technology and are therefore demanding higher levels of services associated with technology. quality of service have become the key to hoteliers ability to differentiate itself from its competitors and retain its customers and gain their loyalty.

III.   Research Design and Approach

In this study the researcher follows both the descriptive and causal research designs. Descriptive research design is employed for describing the characteristics of the study population. On the other hand causal research design was used to investigate the relationship between the dependent and independent variables.

In order to examine factors affecting customer retention practice in the Hotel Industry, the researcher follows quantitative methods to carry out the research. It is quantitative since the researcher has described factors affecting customer retention and in what extent these factors affect customer retention.

Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. It is often regarded as being purely scientific, justifiable, precise and based on facts often reflected in exact figures (Jonker & Pennink, 2010).

It also places heavy emphasis on using formalized standard questions and predetermined response options in questionnaires or surveys administered to large numbers of respondents. The main goal of quantitative research is to provide specific facts decision makers can use to (1) make accurate predictions about relationships between market factors and behaviors, (2) gain meaningful insights into those relationships, and (3) verify or validate the existing relationships (Hair, Bush & Ortinau's, 2003).

3.1 Population of the Study

The total population for the purpose of this study is all individuals who are customers of four-star hotel services in Addis Ababa for the specified term. Even if there are different customer groups who visited the hotel for different services (i.e. accommodation, food & beverage, gymnasium, etc), the study focuses on those who have used accommodation and other services for over a night. The sampled customers who filled out the survey questionnaires include both domestic and international customers who were over the age of 18 and had previously stayed in hotels.

3.2 Sampling Designs & Sampling techniques

Through the course of the study the researcher uses both probability and non-probability sampling techniques to select the target population. From the probability sampling technique simple random sampling method is used to select ten hotels among the thirty four, four star hotels in the capital. Furthermore the number of customers who participated in the study was determined based on the number of rooms in each hotel and it was distributed proportionally among the hotels.

Besides determining how to allocate the number of customers among the selected hotels, how to select those customers was done using purposive sampling, a non-probabilistic sampling technique.

3.3 Sample size

According to Amadi, (2005) a sample is quite adequate since a sample of 0.05 proportion of the population is believed to be satisfactory in making inferences as a result the researcher take a sample of ten hotels out of thirty four which is 29% of the total population. On the other hand in order to determine the number of respondents the study adopts (Hair, Bush & Ortinau's 2003), sample size determination formula since the sample frame was not accessible and the population of respondents is unknown. Hence the appropriate standardized formula for calculating the necessary sample size would be:

$$n_0 = \frac{Z^2 pq}{e^2}$$

Empirical findings	Themes
- Good quality of service make customer satisfy and loyal. - Influences customer satisfaction and loyalty - Essential to every restaurant's success - Build better customer relationships and enhance the restaurant at the same time	Service quality
- Most important to achieve loyal customer and repeat purchases. - A restaurant can stand out in a sea of competition simply by offering best quality dishes in town. - Prime perimeters of a restaurant business	Food quality
- The most important part of a restaurant and it affect customer's satisfaction and loyalty. - It can be an issue for any business. - Reasonable price will build good long-term relationships with customers	Price
- Influence of culture on buying behaviour varies from country to country. - Cultural factors, social factors, personal factors influence behaviour intention and behaviour intention influencing customer loyalty	Behaviour intention
Location - Won't attract the amount of customers will needed in order to stay in business. - Desired location has easy accessibility and good visibility. - Good location would be great for a restaurant Atmosphere - It's a very important matter influence customer satisfaction - The atmosphere and feel of a restaurant is part of the reason people go out to eat instead of cooking their own meal at home. - It is the atmosphere or ambiance that keeps a customer returning.	Restaurant location and atmosphere

Table: 3.1 Summery of findings

Analysis and discussion

Service Quality

Service quality is considered as an important factor when it comes to deciding where to eat. During our interview, respondents were asked about their opinion on do service quality influence on customer satisfaction and loyalty or not. Most of our respondents stated that service quality is important part to make customer happy also bring customer back to the restaurant. They believe good service quality is key to build a successful restaurant business. According to (Luoh and Tsaur, 2007), 'The impression of service quality has been widely concentrated in the restaurant business, the meaning of service quality focus on addressing customers' needs and necessities.' Service quality is measured with multiple dimensions and each dimension may influence the overall assessment of service quality from the customers' perspective. Customers expect a certain level of service before real interaction with the system. After having served, customers define service level according to the difference between the

actual experience and the expectations with the system (Parasuraman et al. 1988). Parasuraman et al. (1988) divide service quality into five lower level dimensions: Tangible, reliable, responsive, reliable and empathetic, and develop elements to define dimensions. "Physical installations, devices and personnel appearance" is defined in tangibles; reliability is 'the ability to deliver the promised service in a reliable and accurate manner;' Responsibility is the willingness to support customers and offer prompt service;' assurance is "the ability of employees to inspire trust and confidence and to know and be courteous"; (Parasuraman et al. 1988). The service is expected to generate an emotional response, without which we can't completely grasp the customer loyalty process (Ladhari, Morales et al, 2005). However, the view of the consumer of service quality varies overtime, though, which is why our results rely always on enhancing service quality.

5.2 Food quality

Collecting information from interviews and surveys of the customer satisfaction and reliability have been introduced, and we get the significant data from our respondents. As indicated by what we have in the exact part, we examine the food quality. Additionally, these food qualities have been available in hypothetical part. As per our respondents, food is the most significant piece of the general restaurant experience. Food quality is another factor which has impact on customer satisfaction or loyalty and dedication. As indicated by Peri (2006), food quality is a flat out prerequisite to fulfil the requirements and assumptions for eatery clients.

5.3 Perceived value/ price

There is a difference between the price of the food or service and the actual price customer wants to pay for the food or service. Guests of the luxury hotels perceive satisfaction as the value received for the price of lodging (Berchoux etal, 2015). According to one of our respondents, It is very important to have the balance of the price according to the quality of food and other factors of a restaurant to run successfully. As different categories of customer have different concept for the paying at the restaurant. Some might only be happy by looking at the low price of the food according to service and other facts, when other may compare the price with not only food and service but also with everything surrounded. For example, some customers are happy to pay high price for food if other factors like services, the quality of food, restaurant environment everything satisfies them, where to some it is only the price of the food that matters. But most likely customers are interested to pay less for higher quality food. If customers get higher quality services with less payment, the perception of price of the customers will be more comfortable and satisfying. The relation between the service quality and perceived value has been verified in several studies

5.4 Restaurant location and atmosphere

Location and atmosphere of a restaurant is an important factor to consider by the restaurant industry. Everything that is related to develop the inner look and location of the restaurant, comes under the category of spatial layout. Over the years, with the change of eating habits of people, it is now more preferred to eat out then eating at home.

According to a study conducted by Ryu et al (2010, 312) customer pay a lot of attention to go out for than eating at home comparing to last decades. This trend has influenced restaurant owners to give great afford in their interior and develop the environment for customers.

Themes	Theory	Author	Analysis finding
Service quality	- According to customer satisfaction is an appraisal of the goods or services that meets the desires or aspirations of either the customer or the service provider. - Satisfaction is an immediate response to service consumption	Akbar and Parves (2009). Vilkaite-Vaitone and Papsiene (2016). Law (2017).	- Good quality of service make customer satisfy and loyal - Influences customer satisfaction and loyalty - Essential to every restaurant's success - Build better customer relationships and enhance the restaurant at the same time
Food quality	- Food quality has been featured to measure customer's satisfaction in restaurant business. - The most basic piece of the whole restaurant environment is food. - Incorporates this discovering: a point of view of customers and customer satisfaction or loyalty on food performance are connected.	Ryu et al. (2012). Hensley (2004). Lim (2010)	- Most important to achieve loyal customer and repeat purchases - Food is the star of the restaurant - A restaurant can stand out in a sea of competition simply by offering best quality dishes in town - Prime perimeters of a restaurant business
Price	- The prices are connected to restaurant services - The price has a significant influence in actualizing marketing procedure - Price one of the attributes that can change customer's attitude. - Price fairness influenced customer satisfaction significantly.	Andaleeb and Conway (2006). Kottler and Armstrong (2012). Law, et al. (2008). Jin, et al. (2012).	- The most important part of a restaurant and it affect customer's satisfaction and loyalty - It can be an issue for any business - Reasonable price will build good long-term relationships with customers
Behaviour intention	- Customer satisfaction and relationship quality in explaining customers' behavioural intentions.	Jani and Heesup (2011)	- Influence of culture on buying behaviour varies from country to country - Cultural factors, social factors, personal factors influence behaviour intention and behaviour intention influencing customer loyalty
Restaurant location and atmosphere	- Atmosphere of the restaurant does not comfort the customers and they do not return for another dining experience - The perception can either be positive or negative considering the atmosphere and can therefore shape the level of customer satisfaction - Restaurant location is an important feature of the restaurant that affects customer behaviour and satisfaction - atmosphere and environment is a significant predictor of restaurant customer satisfaction and experience. - environment is one of the factors that has a significant effect on customer satisfaction.	Lim (2010) Hyun (2010). Wu & Liang (2009). Haghighi (2012). Canny (2014).	Location - Won't attract the amount of customers will needed in order to stay in business. - Desired location has easy accessibility and good visibility - Good location would be great for a restaurant Atmosphere - It's a very important matter influence customer satisfaction - The atmosphere and feel of a restaurant is part of the reason people go out to eat instead of cooking their own meal at home. - It is the atmosphere or ambiance that keeps a customer returning.

Table2 Comparing of Theory and Analysis Findings

Conclusion

This study shows the key factors that play an important role to satisfy customers. This study additionally indicates that restaurants that are focused on food quality, suitable food price or cost, and mindful assistance have the best opportunity to expand customers' satisfaction and loyalty.

Customer satisfaction and loyalty is impacted by explicit product or service highlights and impression of value. Satisfaction is additionally affected by customer's passionate reactions, their attributions nether view of value (Zeithal and Bitner. 2003, 87-89). The

key factors we found very important and affective to gain customer's satisfaction and loyalty are service quality, food quality, price, restaurant location and atmosphere and customer behaviour/ behavioural intentions. These factors play vital role to satisfy customers and achieve loyalty. These factors are followed properly, the more customer is satisfied.

Hence the aim of the employer or business owner should be always to give priority to these key factors to increase customer satisfaction and loyalty. To run a successful business, the owner must identify how to enhance these key factors to satisfy customer.

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