



EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT STRATEGIES ON CUSTOMER LOYALTY OF THREE STAR HOTELS IN MOMBASA COUNTY, KENYA

Matofari Jonas Timbiti Wabwile

MBA Candidate

jonastimbiti@gmail.com

Lectures

Dr. Jean Uzel (PhD)

Dr. Wahida Bana (PhD)

SEPTEMBER 2019

Keywords

Customer economic bond management, customer loyalty, customer relational bond management, customer social bond management, customer relationship management, customer service quality management.

Abstract

This study aims at establishing the effect of customer relationship management strategies on customer loyalty of three star hotels in Mombasa County, Kenya. The customer relationship strategies examined are customer service quality management (CSQM), customer social bond management (CSBM), customer relational bond management (CRBM) and customer economic bond management (CEBM). The study sample consists of 44 respondents with a 77 per cent response rate. Data was analyzed by employing correlation and multiple regression analysis. The key findings revealed that customer relationship management strategies have a positive significant effect on customer loyalty in three star hotels in Mombasa County, Kenya. The general findings are limited as the study focused on the hospitality industry in Kenya. Based on the key study findings, hotels employing customer relationship management strategies should direct their efforts on improving the usefulness of customer relationship management strategies to enhance customer loyalty. This study successfully extends customer relationship management strategies in terms of customer loyalty through customer service quality management, customer social bond management, customer relational bond management and customer economic bond management. In conclusion the customer relationship management strategies model in this study presents a considerable amount of improvement in explanatory power.

1.1 Background Information

Customer relationship management is a business strategy which lays on the premise that 'customer is king' i.e. a customer is at the center of an organizations business operations (Boris, 2012). This helps businesses to gain insight about the customer, retain the customer through customer experience, attract new customers, increase profitability and develop ways of managing costs. Organizations should engage customers and handle relationships differently at every stage (Hougaard and Bjerre, 2009). Customer relationship management was developed as a strategy for businesses that are based on developing personalized relationships with customers in return of increasing profitability. The most crucial element of customer relationship management is communication i.e. using different viable ways both with the existing and potential customers to attract them and become loyal (Koskei, 2014).

Thus the concept of customer relationship management should ensure a smooth flow in the creation of a value chain which ensures that the management flows of contact with customers are turned to effective operational tactics. According to Boyce (2015) maintaining long-term relationships with customers is largely based on relationship marketing and customer relationship management. Customer relationship marketing is thus designed to bolster customer loyalty, relations and activities to foster strong relations with customers by obtaining information matching their needs and wants through communication.

One of the most common marketing tools used for developing concrete ways of attracting customers and keeping them for a long run is loyalty instruments which are found in almost every industry. Loyalty instruments vary and provide an upgrade to customers who acquire certain level of loyalty points hence earning a discount on various selected products and services (Kotler and Armstrong, 2011). The goal of customer relationship management is not in developing customer satisfaction rather customer delight. It is not just about customers doing a firm a great service but it is also a process, or a set of programs aligned towards keeping a client happy in order to engage in more business.

1.2 Research Problem

With the rapidly dynamic literature of customer relationship management strategies, there is little or no attention focusing on the value the hospitality industry can get. As Mohsan *et al.*, (2011) observed, despite large investments on relationship marketing strategies many organization's loyalty programs tend to be unsuccessful in achieving their objectives which include set target returns and improved perceived value of the relationship. This is so as customer's perception of an organization's relationship marketing strategies differs from customer's perception of personal gain. Customers perceive an organization's investment as an economic benefit to the organization, rather than a mutual relationship investment from the firm; customers are unlikely to experience responses such as customer value or commitment. Boris (2012) noted that fostering customer loyalty has proved futile for most hotels worldwide owing to the difficulties in identifying their target customer base and establishing mutual relationships with potential customers. The hospitality sector has a key role in Kenya's economic development in the context of job creation, accommodation and transport as well as contributing to the gross domestic product (GDP). The industry has been growing steadily despite turbulent times and a consistent decline has been recorded in terms of the number of customers meaning that the hotel capacity is heavy underutilized (Anderson, 2011). This means that the hospitality industry is experiencing difficulties in attracting and retaining customers. Due to decline in number of clients a number of hotels will face closure leading to unemployment. Empirical studies show that studies have concentrated on customer relationship management strategies in other sectors. Kimutai (2015) conducted research on the relationship between customer relationship management and golf sponsorship in financial institutions in Nairobi County. The study established that through relational bonds organizations are able to create lasting relationships with customers by way of enhancing client trust and commitment. Kibeh (2013) investigated the relationship between relationship marketing and customer loyalty in the mobile telecommunications industry in Nairobi County and the study established that through trading relationships it leads to repeated buying which develops to customer loyalty. The study was limited to the telecommunications sector. A study by Madziwa (2016) focused on the influence of customer relationship management on customer retention in SACCO industry and how it affects performance. Most organizations believe that customer relationship management is important when it comes to building relationships with their customers. This study's research gap is established by lack of

empirical literature on the effect of customer relationship management strategies on customer loyalty of three star hotels in Mombasa County. Empirical studies were insufficient as they concentrated in other sectors of the Kenyan economy as none of those studies was done in the hospitality industry in Kenya.

1.3 General Objective

The general objective of this study was to investigate the effect of customer relationship management strategies on customer loyalty of three star hotels in Mombasa County, Kenya.

1.3.1 Specific Objectives

1. To find out the effect of customer service quality management on customer loyalty of three star hotels in Mombasa County
2. To establish the effect of customer social bond management on customer loyalty of three star hotels in Mombasa County
3. To determine the effect of customer relational bond management on customer loyalty of three star hotels in Mombasa County
4. To explore the effect of customer economic bond management on customer loyalty of three star hotels in Mombasa County

1.4 Research Hypotheses

1. **Ho1**; Customer service quality management has no significant effect on customer loyalty of three star hotels in Mombasa County
2. **Ho2**; Customer social bond management has no significant influence on customer loyalty of three star hotels in Mombasa County
3. **Ho3**; Customer relational bond management has no significant effect on customer loyalty of three star hotels in Mombasa County

4. Ho4; Customer economic bond management has no significant influence on customer loyalty of three star hotels in Mombasa County

2.1 Theoretical Framework

2.1.1 Social Exchange Theory

This theory puts emphasis on the type of relationships between service quality, satisfaction and loyalty. This theory is relevant for the study as service encounters are seen as social exchanges whereby the encounter between service provider and customers' are an important element of satisfaction hence reason enough to continue with the relationship (Kotler & Armstrong 2011). According to this theory, relationships are as a result of cost-benefit analysis and comparisons of different alternatives. The theory further states that social exchange relations between parties i.e. service provider and customers' usually are as a result of exchanges that create a pattern of mutual obligations to each partner and that customers will to maintain such relationships with expectations that by so doing it's rewarding. The theory is relevant for the study as service encounters are social exchanges where communication by the service providers and customers being important element of satisfaction thus reason for continuing the relationship. The social exchange theory helps to account for growth, development and even putting an end to social and business relationships (Borris, 2012).

Among other premises, the S-D Logic is of the view that customers are resources that are able to act on other available resources i.e. being co- creators of value which makes them become active partners in the work of an organization. S-D logic lies in the understanding of the complex relationships between individuals and organizations (Lusch, *et al.*, 1992). They proposed this as an alternative to the traditional good-dominant logic (G-D logic) which views tangible resources for example goods as the basis of exchange and customers as the recipient of goods. On the other hand S-D logic emphasizes on the importance of operant resources that is skills and knowledge as a competitive merit for organizations. Relationship marketing factors suggests that successful customer relationship management is as a result of certain factors of the relationships that identify with successful relational exchanges (Koskei, 2014). Extensive research points out various factors linked with successful relationships which include trust, commitment, communication and keeping promises. The relevance of this theory to the study is that, the

theory looks at human interaction as a purely rational process that starts and ends with economic success where the client and business benefit mutually. The variable social bond management is underpinned on this theory as it is clearly based on customer intimacy on social cost benefit of each customer.

2.1.2 The Commitment-Trust Theory

Commitment and trust are fundamental as they challenge organizations to work at maintaining relationship through cooperation with business partners hence producing results that promote efficiency and effectiveness. Sharma *et al.*, (2011) denote that service providers who offer superior benefits will be valued and will go to an extent where they abide by, creating and maintaining relationships with customers'. He further observed that to have successful relationship marketing, a trusted cooperator requires one to have commitment based on trust. Communication is seen as a major precursor of trust especially when it's on time. Communication cements trust through settling disputes and putting in line perceptions and expectations (Moody, 1992). Commitment and trust are positively linked to mutual behaviors' that are necessary to relationship marketing success thus organizations tend to favor expected long-term benefits of staying with existing partners. To be competitive in the global economy, it requires an organization to be trusted and that they must collaborate to compete (Bleek & Ernst 1993 as cited in Khedkar, 2015). Commitment and trust are important as they motivate organizations to work at keeping relationships through cooperating with exchange partners. Musa (2005) observes that trust can lead to high levels of commitment due to a sense of affiliation, belonging, recognition, acceptance with one another; thus trust is a critical determinant that positively enhances customers' commitment. Lombard, (2011) opined that this theory conceptualized commitment as a three component constructs that is affective, continuance and normative commitment. Affective commitment occurs where one partner desires to further a relationship because of experiencing a sense of loyalty, belonging, acceptance, personal recognition. Continuance commitment happens where a partner observes the need to keep a relationship given the important of switching costs associated with leaving. Normative commitment on the other hand, it is largely based on the obligation of staying in a relationship. As observed by Morgan & Hunt, (1994) as cited in Hassan *et al.*, (2015) commitment is the central component of relationship marketing as exchange partners are willing to make sacrifices

to in order to achieve long-term benefits. Customer relationship management is based on the relevant ties between commitment and trust and they encourage working at preserving relationship investments by cooperating with exchange partners hence when both are present they produce outcomes that promote efficiency, productivity and effectiveness that lead to cooperative behaviors' that are conducive to CRM success. The variables relational and economic bonds are based on this theory as commitment and trust can lead to customer loyalty to the hotel industry.

2.1.3 The Lehtinen and Lehtinen Service Quality Model

This model is characterized by service quality dimensions as the model brings forth two approaches that are the two and three dimensional approaches. The two-dimensional approach views service quality from the customer's angle and the two dimensions are process and output quality respectively. The concept of process quality is of the view that service quality and consumption cannot be separated, since the customer is actively involved in the production process. On the other hand process quality is the customer's qualitative evaluation of their involvement in the production-service delivery-process (Kotler and Armstrong, 2011).

They further observed that relationship quality can influence customer loyalty where trust, commitment, satisfaction and service quality can explain the overall influence of relationship quality on customer loyalty. Customers observe the service delivery process and familiarizes with the process as the level of quality will be determined on the extent of involvement of both the service provider and the customer, in the service delivery process (Lombard, 2011)

The three dimensional approach views service quality in form of physical quality, interactive quality and corporate quality. Physical quality looks at the quality of the resources used for service delivery (Khedkar, 2015) while interactive is as a result of interaction between the customers and the interactive environment. On the other hand corporate quality of an organization refers to the quality perception among its customers built over a long period of time. This model is of the view that corporate quality is the only quality dimensions that customers can

evaluate before buying services. This theory forms the basis of the variable service quality and is used to find out the role of service quality on customer loyalty.

2.2 Conceptual Framework

Independent variables

Dependent variable

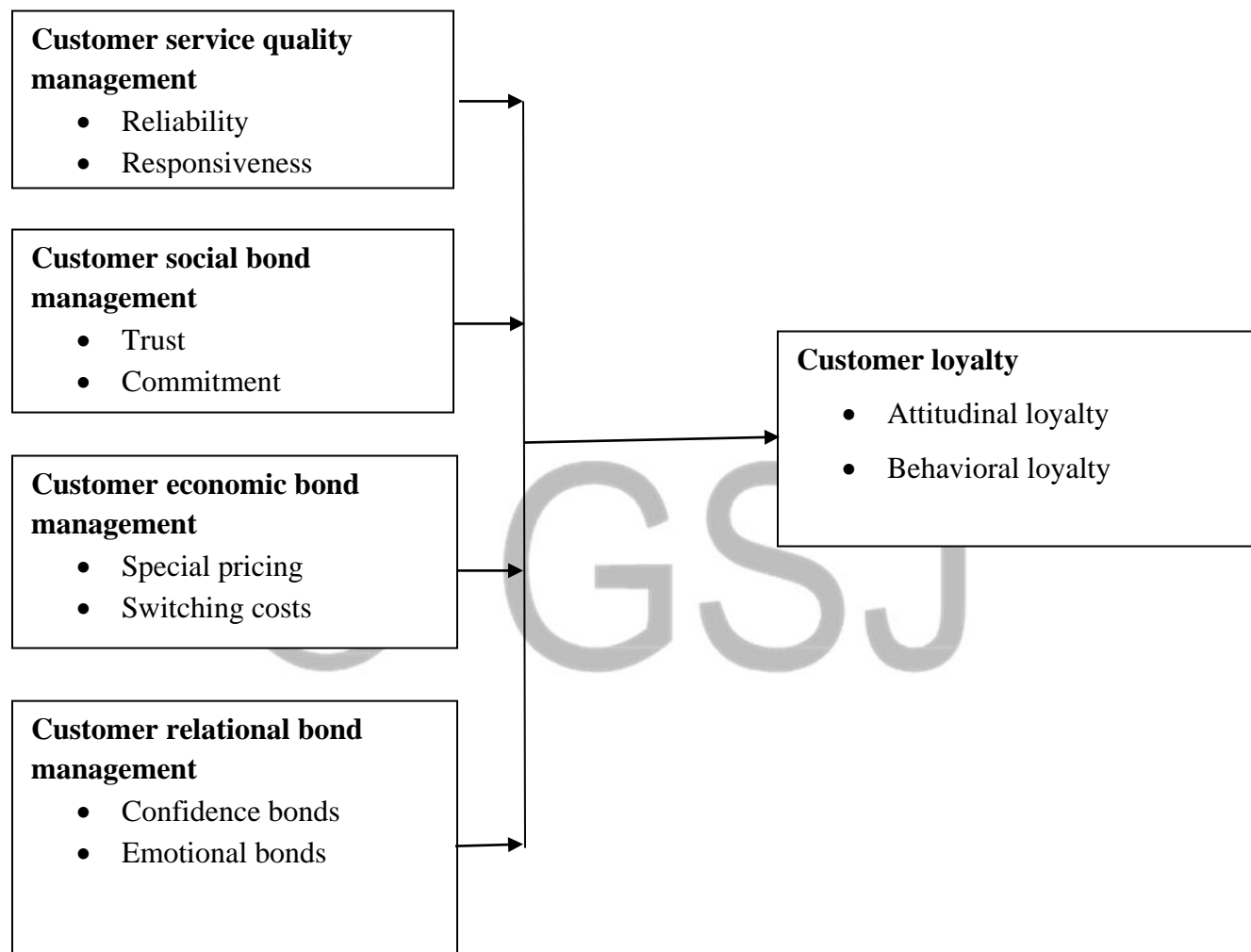


Figure 2.1: Conceptual framework

2.2.1 Customer Service Quality Management and Customer Loyalty

Previous literatures have looked into the relationship between service quality and customer loyalty. With repeat purchase as a measure of loyalty Poku, Zakari & Soali (2013) opined that

service quality has no significant effect on repeat purchase intentions as compared to the positive effect of satisfaction on repeat purchase intentions. Customers tend to remain loyal due to high costs associated with switching to available alternatives as others will remain loyal due to being satisfied with the current services being offered. Service providers should therefore not be contented as retained customers may not be always satisfied as (Wong, 2005 as cited in Khedkar, 2015) observed that service quality has a positive significance on customer loyalty. Service quality is seen as the difference between customer expectations and perceptions and that it can build competitive advantage. Service quality is one of the most analyzed dimensions of customer loyalty and that it affects customer loyalty through satisfaction and trust. Other studies have justified the influence of satisfaction on quality of service (Akbar & Parvez, 2009 as cited in Kotler and Armstrong 2011)

Evans and Lindsey (2004) conceptualized the SERVQUAL model and outlined key dimensions of service quality that is communication, tangibility, competence, reliability, security and understanding the customer. According to the SERVQUAL model, reliability is the most critical dimensions as it's the capacity to play out the guaranteed benefit constantly and precisely that is "Does the hotel honor its promises? , Does the hotel perform the service at the right at the first time? These are some of the questions which service providers need to answer if they want to achieve reliability (Madziwa, 2016) in addition the extension of reliability will occur once the promise has been made. Reliability also refers to freshness of food, error-free serve ordered food to customer based.

Responsiveness involves the willingness or how ready employees are to provide a service. It's largely concerned with handling customer's requests, questions and complaints efficiently. A hotel is said to be responsive when it communicates to its customers how long it would take to have their problems dealt with. To ensure success, hotels need to evaluate responsiveness from a customer's viewpoint rather than the hotel's perspective. Responsiveness is expressed as the willingness of the service provider to help customers and render service promptly. Time consumption in order to provide service is one of the key determinants for a customer to define responsiveness thus offering help with the menu, giving prompt and accurate feedback to customers' demand present the true aspect of responsiveness (Kotler and Armstrong, 2011)

2.2.2 Customer Social Bond Management and Customer Loyalty

According to Poku, Zakari and Soali (2013) customers are satisfied due to feelings arising from evaluating benefits received against expectations and this presents an important relationship between building brand equity and customer loyalty. The relationship becomes stronger as customers get delighted. Previous research observed that social bonding is the starting point of building customer loyalty. Social bonds are responsible for creating loyalty amongst customers. Customer loyalty no longer is a choice with businesses today as it's the only way of building and maintaining competitive advantage Akbar and Parvez (2009) argued that firms nowadays capitalize on strong-firm customer relationships through bonding as this helps them gain information on how best to serve their customers. Previous literature observed that social bonds are positively associated with customer loyalty as they create opportunities to strengthen social relationships (Ndubuisi, 2004 as cited in Lombard, 2011). Customer relationship management processes can be used to develop long-lasting relations with customers matching their needs and wants.

Morgan and Hunt (1994) observed trust as a key component of relationships. They further opined that trust is the willingness of one party to be subjected to the actions of another party based on the expectations that the other party will do a particular action important to the trust. Previous literature emphasized the importance of trust in explaining loyalty as other studies opined that in a competitive market lack of trust hinders loyalty. Customers in the service industry tend to hold positive behavioral attitudes toward the brand that they trust. Kimutai (2015) opined that social support is a value adding strategy that is formulated to aid loyal customers when in distress for example strong bond with my hotel, confidence in my hotel, hotel offering social support when needed, hotel employees are socially responsible can influence how customers perceive their hotels thus deriving customer loyalty hence hotels with good social support programs help avert the adverse effects of customers switching to other hotels and create loyalty. In the service industry, a great aspect of selling is to be able to convince customers and gain their trust (Martey, 2014) and the hospitality industry is not an exception. Within the

context of hotels, the direct impact of trust in the hospitality sector is that customers can trust hotels to deliver on their promises, trust hotel employees to listen and satisfactorily solve their complaints as trust strengthens a relationship in business. Trust can be built through exchange of information, handling of foreseen conflicts; and flexibly adjusting services to customer demands thus a relationship build on trust results to certain benefits for example shared values, opportunistic behavior, effective communication as well as savings on relationship termination costs.

2.2.3 Customer Economic Bond Management and Customer Loyalty

Moorman, Deshpande and Zaltman (1993) as cited in Tom, Ronald & Joel (2014) described economic bonding as when partners have outright confidence, emotions, integrity and are reliable to one another. They further observed that customer-firm relationships require creating and maintaining relationships at reduced cost. How customers perceive a certain price of a product or service can be of significant effect on their intentions to purchase the product. Customers will give attention to the price paid by other customers as fairness in price will influence the perception of the customers and it will ultimately influence their willingness to become a customer. For a customer to enter into a relationship, the relationship must be perceived to have the ability of providing value for that customer. Empirical literature notes that a high customer perceived value results to high purchase behavior and that a positive estimation of value by customers results in higher levels of loyalty Tom, Ronald & Joel (2014).

Developing healthy relationships with businesses may lead to receiving economic advantages as customers who have an enduring relationship with a service provider can be rewarded with financial benefits like special discount considerations. Switching costs are as a result of customer's perception of time, money and psychological effort needed to move from one service provider to another (Bhardwaj, 2007). Switching costs will most certainly retain customer in a organization and make them use their complementary products and services. These costs are as a result of aspects such as cost of searching for a new service provider, loss of friendly and comfortable relationships, risk perceptions, loss of special privileges among others. Consumer switching costs give organizations an edge of market power over their repeat customers hence by exploring this type of bond, organizations can achieve a competitive edge as switching costs

have a direct relationship between customers' switching costs and firm revenues Tom , Ronald & Joel (2014).

2.2.4 Customer Relational Bond Management and Customer Loyalty

Lombard (2011) considers relational bonds to be the highest level of bonding within relationship marketing as companies get to strengthen their relationships with customers by addition of structural bridges on top of economic and social bonds. Khedkar (2015) observes that hotels which introduced web based technologies to improve communication with their customers proved to be of value addition as relational bonds exist when a business enhances customer relationships through offering alternative options to customer problems in terms of service delivery systems. Confidence bonds appear as independent benefits of long-term relationship; especially where customers have that perception that there are other quality service providers in the market. Relational bonds are thus perceived to play a key role in retaining relationships and impacting positively on customer loyalty (Akaka, 2012)

Customers tend to develop strong emotional attachments with brands as developing relationships with service providers can show that there is 'guaranteed' comfort of feeling of security in having the bond. Customers who are attached to a product/brand are more likely to have a favorable attitude towards it hence the result of this attachment is loyalty. This feeling toward a service provider appears to develop overtime and only after a relationship has been established between the customer and the firm. Facilitating strong emotional attachments to brands is therefore an important means of realizing devoted, profitable customer repurchasing hence loyalty (Akaka, 2012). Relational bonds are necessary in the hospitality industry as they provide strong value addition for clients hence making it difficult for competitors to copy e.g. a hotel can use telecom and IT facilities to enhance guest services, expertise of service professionals in their areas of specialization or operation ,provision of relevant information to clients hence making it difficult for competitors to copy such services as structural bonds build customer feelings of empowerment and tends to offer some level of control psychologically to customers in the buyer-seller relationship (Hollebeek,2011)

2.2.5 Customer Loyalty

Customer loyalty is referred to as commitment to repurchase a desired product or service regularly in future thus rebuying the same-brand despite influences deemed to be of potential to cause switching behavior. (Morgan and Hunt, 1994 as cited in Lombard 2011) indicated that companies should consider several distinct factors i.e. by building and managing sound relationships with customers helps in delivering the importance of the marketing concept. Khedkar (2015) further indicated that relationships develops in several phases as firms engage with customers and handle relationships differently at each stage. Customer loyalty is partitioned into attitudinal and behavioral components; attitudinal component is further divided into cognitive and affective components thus having independent influences in customer loyalty.

Attitudinal loyalty is looked into in terms of attitudes, preferences, commitment and intentions (Balogul, 2002). It refers to a customer's desire to continue his relationship with an organization despite the lower prices of competing firms and to recommend the product/service or brand to friends. The behavior reflects the current situation or more likely a set of past events as attitudes offers clues about the customers' future behavior. Attitudinal loyalty reflects cognitive, affective and conative predispositions of a customer to continue the relationship with a company (Lombard, 2011). Attitude can be measured by asking customers how much they love the brand, how much are they attached to it, what are the chances of recommending it to friends as measuring involves customer feelings for a brand or company. The intensity of these attitudes results to repeat purchase (Brink and Brendt, 2008)

The behavioral loyalty is often based on quantitative indices that are the number of purchases from one company, the buying frequency, and frequency of calls. This approach is defined based on the history of the buying pattern hence a lack of interest in regard to customer motivations and commitment to the organization (Donio *et al.*, 2006). Using "trial and error" mechanism, consumers find a product that creates a satisfying experience and decides to choose it again as the repeat purchase is not generated by a feeling of attachment or involvement but by lack of time. Pervious literature notes that the intentions of switching a company are good predictors of detecting behavior in the buying process context.

Akaka (2012) observed that as customers move from one manufacturer to another where different actions and loyalty programs can be undertaken to provide certain benefits e.g. promotions. To generate customer loyalty, customer relationship management strategy implementation focuses on identifying potential customers, attracting them with special offers in terms of discounts, free coupons e.t.c monitoring and solving their needs to ensure they are satisfied. Loyalty scale is a multi-dimensional construct with four scales for every stage i.e. cognitive, affective, co-native and behavioral scale (Peppers & Rogers, 2016) The measurement of loyalty effects or consequences e.g. patronage intentions, buying frequency etc. can be considered when measuring loyalty for example during an economic crisis in order to identify the different stages of loyalty i.e. cognitive, affective, co-native and behavioral in order to build effective loyalty programs. The level of frequency is measured by the watching of the frequency of buying.

3.1 Research Methodology

3.2 Research Design

The study used mixed research design as it looks at establishing the relationship among the key variables. Mixed methods research allows a researcher to blend the elements of qualitative and quantitative research approaches (Maureen, 2017). A survey in form standardized questions in a questionnaire will be used to collect data. Surveys are useful as they describe characteristics of a large population. According to Bryman (2008) a high reliability is easy to be obtained by presenting all subjects with a standard which ensures that observer bias is eliminated. As compared to others it is cost effective and has the ability to cover a large population with ease. The mixed research is preferred to help the researcher evaluate in detail how each of the variables will affect customer loyalty in the hospitality industry in Mombasa County.

4.1 Research Findings

4.1.1 Customer Service Quality Management

According to the study findings efficient handling of reservations had a mean of 4.20 and standard deviation of 0.655, guest room being ready as promised accounted for a mean score of 4.11 and standard deviation of 0.824; the hotel's physical facilities being visually appealing had

a mean of 4.16 standard deviation of 0.580 as room service being prompt accounted for a mean score of 4.05 and standard deviation of 0.588, informative literature being provided by the hotels had a mean score of 3.93 and standard deviation of 0.774 as employees responding promptly to customer requests had a mean of 3.98 and standard deviation of 0.618.

Table 4.1 Descriptive Statistics Customer service quality management

	N	Minimum	Maximum	Mean	Std. Deviation
My reservation is handled efficiently	50	3	5	4.20	.655
My guest room is ready as promised	50	3	5	4.11	.824
The hotel's physical facilities are visually appealing	50	3	5	4.16	.580
Room service is prompt	50	3	5	4.05	.588
Informative literature about the hotel is provided	50	3	5	3.93	.774
Employees respond promptly to my requests	50	3	5	3.98	.618
Valid N (listwise)	50				

Source: Researcher, (2019)

4.1.2 Customer Social Bond Management

The findings of this study reveal that being recognized by certain employees had a mean score of 3.73 and standard deviation of 0.962, developing friendship with the service provider accounted for a mean score of 4.09 and standard deviation of 0.601 as those who enjoyed visiting the hotel had a mean score of 4.09 and standard deviation 0.695, hotel staff being friendly and making customers feel comfortable had a mean score of 4.26 with standard deviation of 0.536. The hotel being concerned with customer needs and wants had a mean score of 4.17 and standard deviation

of 0.610 as those who still preferred one service provider despite having alternatives accounted for a mean score of 4.26 and standard deviation of 0.631.

Table 4.2 Descriptive Statistics Customer social bond management

	N	Minimum	Maximum	Mean	Std. Deviation
I am recognized by certain employees	50	2	5	3.73	.962
I have developed friendship with the service provider	50	3	5	4.09	.601
I enjoy visiting this service provider	50	3	5	4.09	.695
The friendliness of the hotel staff makes me feel good	50	3	5	4.26	.536
The hotel is concerned with my needs	50	3	5	4.17	.610
Although there are alternatives, I still prefer this hotel	50	3	5	4.24	.631
Valid N (listwise)	50				

Source: Researcher, (2019)

4.1.3 Customer Relational Bond Management

The findings indicate that most of the hotel’s facilities were conveniently located which accounted for a mean score of 4.07 and standard deviation of 0.715 as hotels providing a safe environment had a mean score of 4.27 and standard deviation of 0.552. Employees being polite when interacting with customers had a mean score of 4.17 and a standard deviation of 0.502 as hotel staff treating customers with respect accounted for a mean score of 4.27 and standard deviation of 0.539. Employees being knowledgeable on the local places of interest had a mean

score of 3.73 and standard deviation of 0.748 as employees understanding customer needs and wants with a mean score of 4.23 and standard deviation of 0.424.

Table 4.3 Descriptive Statistics Customer relational bond management

	N	Minimum	Maximum	Mean	Std. Deviation
The hotel's facilities are conveniently located	50	3	5	4.07	.715
The hotel provides a safe environment	50	3	5	4.27	.552
Employees are polite when answering questions	50	3	5	4.17	.502
Employees treat customers with respect	50	3	5	4.27	.539
Employees know about local places of interest	50	2	5	3.73	.748
Employees understand my needs and wants well	50	4	5	4.23	.424
Valid N (listwise)	50				

Source: Researcher, (2019)

4.1.4 Customer Economic Bond Management

According to the study findings, hotels providing discounts for regular customers had a mean score of 4.06 and standard deviation of 0.688; as to whether the hotels offered rewards to encourage future purchasing had a mean score 3.03 and a standard deviation of 1.290. Time and effort costs of changing from one service provider to another accounted for a mean score of 3.81 and standard deviation of 0.763 as for switching from one hotel would be of inconvenience to clients with a mean score of 4.00 and standard deviation of 0.758 as to whether the cost paid was worth it had a mean score of 4.03 and standard deviation of 0.709

Table 4.4 Descriptive Statistics Customer economic bond management

	N	Minimum	Maximum	Mean	Std. Deviation
Hotel provides discount for regular customers	50	3	5	4.06	.688
Hotel offers rewards to encourage future purchasing	50	1	5	3.03	1.290
Time and effort costs of changing to other service providers is high for me	50	3	5	3.81	.763
It would be inconvenient for me to switch to other service providers	50	3	5	4.00	.742
The hotel offers integrated services with its partners	50	3	5	4.10	.758
The cost is worth what I have paid	50	3	5	4.03	.709
Valid N (listwise)	50				

Source: Researcher, (2019)

4.1.5 Customer Loyalty

This research sought to establish the effect of customer relationship management strategies on customer loyalty of three star hotels in Mombasa County, Kenya, from the table below, the findings depict that respondents further agreed that they will recommend the services of the hotels to family and friends with a mean score of 4.06 and standard deviation of 0.688, speaking well about the hotel to others accounted for a mean score of 4.21 and standard deviation of 0.605. Whether clients would continue with the services of the hotel despite alternatives had a mean score of 4.01 and standard deviation of 0.640. In general clients were satisfied with the services of the hotel accounted for a mean score of 4.30 and standard deviation of 0.460. Majority of the respondents intended to be loyal had a mean score of 4.18 and standard deviation of 0.580 as to switching to competitors accounted for a mean score of 2.19 and standard deviation of 1.174.

Table 4.5 Descriptive Statistics Customer loyalty

	N	Minimum	Maximum	Mean	Std. Deviation
I will recommend the hotel services to friends and family	50	3	5	4.33	.550
I will speak well about the hotel to others	50	3	5	4.21	.605
I will continue with the services of this hotel despite many others	50	3	5	4.01	.640
In general , I'm satisfied with the services of this hotel	50	4	5	4.30	.460
I intend to be loyal to this hotel	50	3	5	4.18	.580
I will switch to competitors	50	1	5	2.19	1.174
Valid N (listwise)	50				

Source: Researcher, (2019)

4.2 Regression Analysis

The study conducted multiple regression analysis so as to determine the effect of the independent/ predictor variables on customer loyalty of three star hotels in Mombasa County. Through the analysis, the study was able to determine the score of one variable on the basis of their scores on other variables thus learning the relationship between the independent variables being customer service quality management, customer social bond management, customer relational bond management and customer economic bond management and the dependent variable customer loyalty. The relation between variables can be expressed using an equation and this study adopted multiple regression which was guided by the following model;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where Y= Customer loyalty

\hat{a} = y-intercept/ Constant

$\beta_1, \beta_2, \beta_3$ and β_4 =coefficient regression of each independent variable

X_1 = Customer service quality management

X_2 =Customer social bond management

X_3 =Customer relational bond management

X_4 = Customer economic bond management

ϵ = Error term

ANOVA

Table 4.6 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.106	4	10.776	222.140	.000 ^b
	Residual	7.034	145	.049		
	Total	50.140	149			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Customer economic bond management, Customer relational bond management, Customer social bond management, Customer service quality management

Significance of the Variables in the Model

Table 4.7 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.260	.195		.033	.974
Customer service quality management	.432	.067	.000	.005	.996
Customer social bond management	.588	.055	.668	10.674	.000
Customer relational bond management	.412	.073	.310	5.654	.000
Customer economic bond management	-.002	.069	-.002	-.029	.977

a. Dependent Variable: Customer loyalty

From the study findings, a multiple linear regression equation was used to estimate customer loyalty of three star hotels in Mombasa County, Kenya.

$$CL = 1.260 + 0.432 CSQM + 0.588 CSBM + 0.412 CRBM - 0.002 CEBM$$

Where;

CL= Customer loyalty

$\beta_0 = 1.260, 0.432, 0.588, 0.412, 0.002$ equal an estimate of the expected increase in customer loyalty corresponding to an increase in use of customer relationship management strategies.

CSQM =Customer service quality management

CSBM=Customer social bond management

CRBM=Customer relational bond management

CEBM=Customer economic bond management

CL= Customer loyalty

The research findings showed that a unit change in CSQM resulted in 43.2 percent ($\beta=0.432$) change in customer loyalty while a unit change in CSBM resulted in 58.8 percent ($\beta=0.588$) change in customer loyalty. On the other hand a unit change in CRBM resulted in 41.2 percent ($\beta=0.412$) change in customer loyalty as a unit change in CEBM influenced customer loyalty by 0.2 percent ($\beta=0.002$) therefore customer social bond management has the highest contribution to customer loyalty of three star hotels in Mombasa County, Kenya.

4.2.1 Pearson Correlation Analysis

A Pearson correlation analysis was used in order to establish the relationship among the customer relationship management strategies. A high correlation of variables is one that is close to positive whereas a low correlation is one that is less than 0.5. In this research all the customer relationship management strategies were found to be positively correlated.

Table 4.8 Correlations

		Customer service quality management	Customer social bond management	Customer relational bond management	Customer economic bond management	Customer loyalty
Customer service quality management	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	50				
Customer social bond management	Pearson Correlation	.829**	1			
	Sig. (2-tailed)	.000				
	N	50	50			
Customer relational bond management	Pearson Correlation	.797**	.775**	1		
	Sig. (2-tailed)	.000	.000			
	N	50	50	50		
Customer economic bond management	Pearson Correlation	.914**	.832**	.744**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	50	50	50	50	
Customer loyalty	Pearson Correlation	.799**	.906**	.826**	.784**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	50	50	50	50	50

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher, (2019)

4.2.3 Pearson Correlation Coefficient of the Model

From the study results, there was a significant positive correlation between CSQM and customer loyalty at ($r=0.775$), the correlation between CSBM and customer loyalty was also found to be strongly positive at ($r= 0.797$). A strong significant positive correlation was also found to exist between CRBM and customer loyalty at ($r=0.744$) while the correlation between CEBM and customer loyalty was also positively correlated at ($r=0.696$). This indicated that any attempt to increase CSQM, CSBM, CRBM and CEBM will positively affect customer loyalty of three star hotels in Mombasa County, Kenya.

5.1 Conclusions Recommendations and Suggestions for Future Study

5.2 Conclusion

The conclusion for this study are drawn from the specific objectives which include: To find out the effect of customer service quality management on customer loyalty of three star hotels in Mombasa County, to establish the effect of customer social bond management on customer loyalty of three star hotels in Mombasa County, to assess the effect of customer relational bond management on customer loyalty of three star hotels in Mombasa County and to examine the effect of customer economic bond management on customer loyalty of three star hotels in Mombasa County. The study findings indicate that customer service quality management strongly affected customer loyalty and this was supported by the strong positive correlation between customer service quality management and customer loyalty which means that any improvement in service quality improved customer loyalty in hotels. The study findings reveal that through handling customer reservations efficiently, room service being prompt, providing informative literature about the hotel as well as attending promptly to customer requests greatly influenced customer loyalty which supports previous studies by (Madziwa, 2016). The results of the study findings indicate that hotels understand the elements of customer service quality management that customers use to evaluate service quality and that it's recognized as a key

factor when it comes to differentiating service products. The study findings further reveal that customer service quality management is multi-dimensional and that all the dimensions must be available for customers to experience positive perception on the service offered. To connect customer service quality management and customer loyalty in the hotel sector, a regression analysis was done and according to the results a strong positive association between customer service quality management dimensions and customer loyalty was established.

On customer social bond management the study indicated that being recognized by certain employees, visiting the service provider, the hotel being concerned with customer needs, hotel staff being friendly and by developing friendship with the service provider strongly influenced customer loyalty; as the study findings indicated a strong positive correlation between customer social bond management and customer loyalty and this is in line with Kimutai (2015) who referred to social bonding as friendship, confidence that's developed through relationships which may vary from a business to a personal tie. The study findings reveal that hotels with good social support programs can effectively control the effects of customers switching to other hotels thus rendering loyalty. This research supports previous studies (Martey, 2014) that social bonds are strategies that are designed to help loyal customers when in distress. As further observed firms nowadays spend tens of billions to build and develop customer loyalty and since there is a considerable amount of investment in social bonding strategies, it is vital for customers to positively perceive such strategies. The study findings further indicated a strong positive correlation between customer relational bond management and customer loyalty due to hotels facilities being conveniently located, providing a safe environment, employees being polite when answering customer requests, to employees treating customers politely and understanding customer needs and wants to a great extent positively affected customer loyalty. Firms that employ customer relationship management strategies should put more effort on improving the usefulness of relational bonds to customers as they have a positive and significant impact on customer loyalty. This result supports prior researches Hollebeek, (2011) which stated that that by employees understanding customer needs and wants, hotel facilities being conveniently located as well as treating customers with utmost respect appeal to consumers consumption motivation.

From the study findings there was a positive correlation between customer economic bond management and customer loyalty and this was in line with the study by with Tom, Ronald & Joel (2014) due to hotels providing discount to regular customers, through rewarding customers to encourage future purchasing as well as offering integrated services with it partners positively affected customer loyalty. The four customer relationship management strategies were found to positively and significantly affect customer loyalty of three star hotels in Mombasa County, Kenya thus the study therefore concludes that to maintain customer loyalty , the hospitality sector needs to employ CRM dimensions in a planned and organize way to attract and build long-term relationships for their current and future business.

5.3 Recommendations

The study provides valuable recommendations to both theory and practice. The researcher believes that these recommendations will create vital insights to both scholars and practitioners in the hospitality industry and help fill the knowledge gap in customer relationship management strategies in the context of customer loyalty. The following are the recommendations;

Hotels should go further and establish customer retention strategies that are uniquely tailored to specific customer bases through focusing on the needs, concerns and experience of each customer. This is intended to give direction and training to hoteliers.

This study recommends that management should also ensure that their staff conducts regular follow ups on the services offered as this helps to overcome negative feedback raised as well as serve as key strategies in increasing loyalty within the hospitality sector. Since these hotels are well established, it is important to organize trainings and seminar sessions where they educate their colleagues on ways of implementing various customer relationship management strategies rather than focus on sales training.

Stakeholders could also play a vital role as they could engage experts and seek further assistance. Policies need to be put in place to address other challenges that hotels cannot handle effectively such as low seasons, terrorist attacks, poor waste management etc. and that it would be more effective if all employees are involved and understand the impact of their activities on customer loyalty which would guarantee success in the organization.

There is need for sound policy in which these strategies are anchored. The sound policy will guide the implementations of recommendations made. There should be clear documented procedures in the Ministry of Tourism of Kenya to aid in periodic reviews which should result in improvement of customer loyalty of three star hotels in Mombasa County. The Kenya government should motivate entrepreneurs through recognizing milestones made.

5.4 Suggestions for Future Study

It is also proposed that further research be conducted to review the implementation of customer relationship management strategies by hotels in Kenya and that hotels should consider matching with relevant experts in the business industry i.e. Tourism, Service sectors and hence adopt longitudinal approach so as to develop more valid empirical evidence in the hospitality industry.



REFERENCES

- Akaka, K. (2012). Service quality dimensions and customer satisfaction in the Kenyan Telecommunications service industry: A case of Nokia Siemens Networks
- Akbar, M. M. and Parvez, N. (2009). Impact of Service Quality, Trust, and Customer Satisfaction on Customer Loyalty. *ABAC Journal* 29. (1), 24-38
- Anderson, C. (2011). Customer satisfaction, market share and profitability: findings from Sweden. *Journal of Marketing*, 58, 53-66.
- Baloglu, S. (2002), Dimensions of Customer Loyalty: Separating Friends from Well Wishers, *'Cornell Hotel and Restaurant Administration Quarterly*, 43, 47-59
- Bhardwaj, Deepali., (2007). Relationship Marketing in Context to the IT Industry. *The Journal of Business Perspective*, 11
- Bleeke, Joel and David Ernst (1993), *Collaborating to Compete*, New York: John Wiley & Sons, Inc.
- Boris, M., (2012). Application of Customer relationship Management Strategy (CRM) in different business areas. *Facta Universitatis, Series; Economics and Organization*; 9(3), 341-354.
- Boyce, P. (2015). Customer Retention Strategies to Increase Growth NOW (online).
- Brink, A., & Berndt, A.(2008). Relationship marketing and customer relationship management. South Africa: Juta Academia.
- Bryman (2008) *Social Research Methods*. 3rd ed. Oxford: Oxford University Press.
- Donio, J., Massari, P and Passiante, G. (2006), Customer Satisfaction and Loyalty in a Digital Environment: An Empirical test'', *Journal of Consumer Marketing*, 23, (7), 445-457
- Hassan, S.R, Aneeb N., Lashari N. M. & Zafar, F. (2015). "Effect of Customer Relationship Management on Customer Satisfaction. *Procedia Economics and Finance* 23, 563 – 567
- Hollebeek, L. (2011), Exploring customer brand engagement: definition and themes. *Journal of Strategic Marketing*, 19, 555-573
- Hougaard, S. and Bjerre, M. (2009). *Strategic Relationship Marketing*, Samfunds literature Press. ISBN 87-593-0840-0

Khedkar E. B. (2015). Effect of Customer Relationship Management on Customer Satisfaction And Loyalty *International Journal Of Management (Ijm)*, Volume 6, (5), 01-07

Kibeh, A.W. (2013) Relationship Marketing and customer Loyalty in Mobile Telecommunications Industry in Nairobi, Kenya. erepository.uonbi.ac.ke

Kimutai, L.,(2015) Relationship between Customer Relationship Marketing and Golf sponsorship in Financial Institutions in Nairobi County, Kenya.

Koskei, A.K. (2014). Customer Relationship management Practices in The Hotel Industry in Kenya. erepository.uonbi.ac.ke/bitstream/handle/11295/75790/Koskei

Kotler, P., & Armstrong, G. (2011).Principles Of Marketing (14th Ed.). New Jersey: Prentice Hall

Lombard, M. R. (2011). Customer retention through customer relationship management: The exploration of two-way communication and conflict handling. *Journal of Business Management*, 5(9), 3487-3496

Lusch, R. F., Brown, S. W. and Brunswick, G. J. (1992) 'A General framework for explaining Internal and external Exchange,' *Journal of the Academy of Marketing Science* 20 (Spring): 119-134

Madziwa, S., (2016) Influence of Customer Relationship Management on Customer Retention in SACCO Industry.

Martey, E.M, (2014). "The Relationship between Customer Retention and Customer Loyalty In The Restaurant Industry In Ghana. *International Journal of Research (IJR)* 1, (8)

Maureen, A. K. (2017) *The role of customer relationship management dimensions on customer loyalty in the hotel industry in Kenya* (Doctoral Dissertation). Jomo Kenyatta University of Agriculture and Technology, Kenya

Moody, Patricia E. (1992), " Customer Supply Integration: Why Being an Excellent Customer Counts," *Business Horizons*, (July/August), 52-57

- Mohsan, F., Nawaz, M. M., Khan, M. S., Shaukat, Z., & Aslam, N. (2011). Impact of Customer Satisfaction on Customer Loyalty and Intentions to Switch: Evidence from Banking Sector of Pakistan. *International Journal of Business and Social Science*, 2(16), 230-245.
- Morgan, Robert .M. and Shelby D. Hunt (1994), “ The Commitment-Trust Theory of Relationship Marketing,” *Journal of Marketing*, 58 (July), 20-38
- Moorman, Christine, Rohit Deshpande, and Gerald Zaltman (1993), “Factors Affecting Trust in Marketing Research Relationships,” *Journal of Marketing*, 57(January), 81-101
- Musa, R. (2005),” A Proposed Conceptual Framework of Satisfaction –Attitudinal Loyalty-Behavioral Loyalty Chain: Exploring the Moderating Effect of Trust,” ANZMAC 2005 *Conference Relationship Marketing Consumer*, 44-51
- Ndubisi N. O. (2004). Factorial and discriminant analyses of the underpinnings of Relationship Marketing and customer satisfaction. *International journal of Bank Marketing*, 23
- Peppers, D., & Rogers, M. (2016). *Managing Customer Experience and Relationships: A Strategic Framework*. John Wiley & Sons, New Jersey.
- Poku, K. Zakari, M. and Soali, A. (2013), “ Impact of Service Quality on Customer Loyalty in the Hotel Industry: An Empirical Study from Ghana,” *International Review of Management and Business research* 2 (2)
- Sharma, S. & Goyal, D.P. (2011). “Critical Success Factors For Crm Implementation: A Study on Indian Banks”, In Dua, S., Sahni, S. and Goyal, D.P. (Eds), *Information Intelligence, Systems, Technology and Management, Communications in Computer and Information Science*, Vol. 141, Springer Heidelberg, Dordrecht, London And New York, Ny, 32-40.
- Tom, O.M., Ronald, B. and Joel, C. (2014) Relationship between Financial Bonds and Customer Value in Commercial Banks in Kenya. *International Journal of Economics, Commerce and Management* United Kingdom <http://ijecm.co.uk/> 2, (12),
- Wong, C.B. (2005). *The Influence of Customer Satisfaction and Switching Cost on Customer Retention: A Survey of retail Internet Banking Users in Hong Kong*. University of South Australia, 2004.