AN ANALYSIS OF FACTORS INFLUENCING CUSTOMER RETENTION IN HOTELS: A CASE ON FLAMBOYANT HOTEL, MASVINGO ZIMBABWE

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DEDICATIONS

This research is dedicated to my loving parents Mr and Mrs Turugari, my beautiful daughter Makatendeka and my ever caring husband Valentine for their support.
ABSTRACT

Customers are very important to the survival of the organisation. For organisations to remain competitive they must ensure their customers are satisfied and retained. The general aim of this research is to analyse the factors that influence customer retention in the hotel industry at Flamboyant hotel, Zimbabwe. This study use causal research design and random sampling was used to identify individual respondents. This study reached out to a sample of 313 respondents. Information was gathered by use of a likert scaled questionnaire. Information was sorted, coded and input into the Statistical Package for Social Sciences (SPSS Version 16.0) to generate results. Ethical considerations were observed through the study. The findings of the research indicate that trust, commitment and satisfaction influences customer retention at different rate. For instance it was found out that among the three factors trust has a great influence on retention compared to the other two factors followed by satisfaction and commitment. Recommendations provided state that hotels should put much attention to trust as it retains more customers than satisfaction and should also adopt other factors to add on retention so that it remain competitive.
I would like to express my sincere gratitude to Ms S. Nyengerai for supervising my project as well as all the marketing lecturers in the faculty, under whose guidance the dissertation was carried out. Their intention to detail, immense insight and experience, suggestions and corrections were priceless and extremely helpful in the success of the research.

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CHAPTER I

INTRODUCTION

1.1 Introduction

This chapter gives an introduction of the study as a whole. It gives its attention on the background of the study which gives an insight of the research, objectives of the study, problem statement, and assumptions, significance of the study and the limitations and delimitations.

1.2 Background of the study

Hotel industry is one of the most profitable industries in Zimbabwe. This is mostly because it has a local and foreign base of customers. For example the Flamboyant in Masvingo, most tourists who would have visited the Great Zimbabwe Ruins booked with the Flamboyant for their accommodation. Despite the hotel industry being profitable, it is now getting stiff competition in the country due to economic changes hence the need for hotels to try to retain their existing customers. The hotel is now failing to reach its maximum capacity even during pick season. The hotel industry is growing into a competitive environment which is geared working more at increasing market share in terms of retaining customers. However Flamboyant hotel can only survive, compete effectively and protect its market in the midst of the current competition in the hotel industry, if it will take all necessary steps to invest and retain its customers. Various researches have been carried out in the developed countries on customer retention, however only few studies have been carried out regarding customer retention in the developing countries especially in the hotel industry of Zimbabwe. Individuals are becoming entrepreneurs leading to the opening up of beautiful lodges and booking house in Masvingo and become competitors for the flamboyant hotel. Therefore there are some factors that can be implemented by the Flamboyant hotel so as to retain its customers and make them repeat buyers. The key
question is what makes customer retention in this highly competitive service industry which is characterised by low switching costs in a competitive market like Zimbabwe? Therefore this study is being carried out to analyse the factors influencing customer retention.

1.3 Statement of the problem

There is great competition in the hotel industry sector, particularly on accommodation since there are many alternatives or substitutes to compete against as there are lodges and booking houses as well which serve the same purpose as the hotels. Flamboyant hotel is now not working at full capacity as it used to do in the few years ago.

1.4 Research Objectives

1. To examine the relationship between customer commitment and customer retention.

2. To examine the relationship between customer satisfaction and customer retention.

3. To examine the relationship between customer trust and customer retention.

1.5 Research hypothesis

1. H1- There is a positive relationship between commitment and retention

2. H2- There is a positive relationship between satisfaction and retention

3. H3- There is a positive relationship between trust and retention

1.6 Significance of the study

This section emphasises on the importance of this research to the hotel as a company, the university, flamboyant customers and the student also.

1.6.1 To the hotel as a company

This research will help the company to improve its marketing strategies so that it will retain more customers as this research will give light to the marketing manager. The research is going to unfold important information that can be used by the management to retain customers. This will therefore increase the sales and the profits of the hotel if they manage to adopt the results. It will also motivate the staff and the management as it will create a good relationship with its customers.
1.6.2 To the university

The research makes a primary and preliminary platform for further studies along customer retention in hotels. The research adds to a growing body of knowledge on the development course material in marketing courses offered by the university. It also provides literature for future use for those who may wish to undertake research on the same field.

1.6.3 To the student

The research helps the student to gain enough knowledge on how to carry out a research. The research also helps the researcher to gain skills, knowledge and professional growth of the researcher in dealing with research and development issues on this field. The research helps in implementing the theories obtained from the studies into practice. Lastly the research is carried out in partial fulfilment of the degree, so the research helps the student to attain her academic objectives.

1.7 Assumptions of the study

1. The researcher assumes information collected and gathered from the respondents would be accurate, complete and reliable.

2. Selected interviewees respond on time, the researcher gets unbiased information from interviewees and all data collected is useful to the researcher.

3. There will be maximum cooperation from the respondents.

4. The limitations of the study do not affect negatively the validity of the research

1.8 Delimitations of the study

This research is also limited by its sample size. Hotels have pick days and off pick days of which the researcher do the survey during the off pick days. Another delimitation of the study is the geographical area, this research was only carried out in Masvingo where Flamboyant is located.
1.9 Limitations of the study

The study is limited to one hotel which is in Masvingo. Focusing on single hotel does not provide a holistic picture regarding factors influencing customer retention in hotel industry. The selected factors influencing customer retention in other hotels might differ vastly from the chosen hotel; therefore the results should not be operationalized to other hotels without having this in their minds. The research is also limited to one geographical area which is Masvingo and also the research is limited by the poor timing. Hotels tend to have more people during festival seasons being the good time for research but unfortunately the research was undertaken during off pick season. The scope of the study is very small, this study should be carried out in at least three years but the researcher managed to do it within one year.

1.10 Definition of terms

Customer retention

It is the activity that a selling organisation undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organisation has with a customer and continues throughout the entire lifetime of a relation.

Customer Satisfaction

It is the measure of how the needs and responses are collaborated and delivered to excel customer expectation.

Customer Commitment

It is the intention of a customer to maintain a long-term relationship with the company.

Customer trust

It is the attainment of a level of satisfaction and a resulting loyalty at which customers are comfortable forgoing problem solving behaviour that they repurchase a particular service or product in a routinized or habitual fashion.

Marketing strategies
It is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services. Marketing strategies includes all basics, short-term and long-term activities in the field of marketing that deal with the analysis of the strategic market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

**Customers**

Customers are the recipient of a good or service, or a product, or an idea obtained from an exchange for money or some other valuable considerations.

**Accommodation**

Accommodation is a room or a group of rooms or building in which someone may live or stay.

**Hotel**

An establishment providing accommodations, meals and other services for travellers and tourists. Other services include wedding venues and conferencing.

**Competition**

It is the rivalry among sellers trying to achieve such goals as increasing profits, market share and sales volume by varying the elements of the marketing mix, price, product, distribution and promotion.

1.11 **Organisation of the study**

Chapter 1 provides the background of the study, statement of the problem, research objectives, research hypothesis, significance of the study, assumptions of the study, delimitations of the research, limitations of the research and definition of terms and chapter summary. Chapter 2 talks about the literature review. It is divided into two sections which are conceptual and theoretical framework and empirical literature then chapter summary. Chapter 3 provides the research design, population to be studied and the sampling method as well as calculation of the sample size, research instruments, data collection procedures, reliability and then ethical considerations. Data presentation, interpretation and analysis will be provided in chapter four. Finally
there is chapter five which provides the summary of the research, conclusions and recommendations.

1.12 Chapter summary

This research is focusing on factors influencing customer retention in hotels digging deep on strategies these hotels are using in retaining their customers in this competitive environment. The first chapter is instrumental in laying down the foundation of the research by outlining the background of the study, statement of the problem, research objectives, research question, limitations of the study and delimitations.
CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter the researcher is going to discuss about the literature review. Literature review supports the topic in two aspects thus theoretically and empirical evidence. This introduces the readers to the topic area and the context in which this will be explored. This section also highlights the evolution of the theory of customer retention, the current views of the benefit of customer retention strategies and what customer retention strategies are currently most popular in the hotel industry. Empirical evidence refers to the past studies that are similar to this current research whereas theoretical literature refers to the theories that explain and support my topic.

2.1 Conceptual and Theoretical framework

This section is going to discuss about the theories on customer retention, the concept of customer retention and the factors that influence customer retention. This section is going to conduct the research on the factors influencing customer retention from the customer’s point of view. This is because several researchers perceive customer retention as the propensity for customers to stay with their service providers as a behavioural factor (Ranaweera and Prabhu, 2003). This research study adopted the conversion model (Richards, 1996) and the relationship commitment model (Sharma and Pattersons, 2000)

2.1.1 Customer retention
Customer retention is when a customer purchases a product or service again and again over an extended period of time according to (Gets and Thomas, 2001). Payne (2000), defines customer retention as a percentage rate at the start of a time period and the customer who still remains until the end of the period. Customer retention is the strategic objective of striving to maintain long-term relationships with customers as stated in the objectives above. A high retention rate is equivalent to a low defection rate. Customer defections are the loss of customers to alternative suppliers of a similar or the same service (Kotler et al, 2008) Due to increased competition in the hotel and tourism industry, many hotels are finding it difficult to attract new customers so arises a need for customer retention strategies. Long back in the past years, hotels and many other firms were more concerned on creating transactions rather than relationships. Kotler (2006) propounds that however, nowadays more companies recognises the need for retaining customers. He went on to say that although much current marketing focuses on formulating marketing that raises and creates sales and new customers, the firms first line of defences lies in customer retention and the best approach to customer retention is to deliver customer satisfaction that results in strong customer loyalty. This research is carried out so that the researcher gain a better understanding of how flamboyant hotel retain its targeted customers over a period of time using customer retention strategies.

2.2.2 Conversion model of customer retention

This is the model by Richards (1996) basing on the fact that it is not enough to satisfy a customer as satisfaction alone does not predict customer behaviour. Richards (1996) argues that satisfied customers can leave and dissatisfied customers can remain, therefore firms should concentrate on other factors such as customer commitment. Payne (2006) also adds that customer satisfaction helps to make customers committed but however the committed customers’ needs more than just being satisfied.

Richards (1996), identifies three factors as drivers of commitment in his model. The driver includes level of involvement, attraction of alternatives extend of ambivalence (see fig 1). This model try to figure out that factors such as the level of involvement, extend of ambivalence and attraction of alternatives leads to the customer being committed the organisation leading to the retention of the customer. How each driver leads to customer commitment and retention is explained below.
Factors in the conversion model

This model explains how commitment influences customer retention through the extend of ambivalence, level of involvement and the attraction of alternatives.

The extend of ambivalence; this driver tries to explain the insecurity caused by the range of choices. This is a situation whereby customers will be in a state of wavering whether to stay or to leave. Ambivalence makes the customer less committed, although conversion is delayed as neither choice offer obvious advantages (Richards 1996.)

Level of involvement; this driver creates willingness to tolerate dissatisfaction. The more people are involved in a given choice, the more carefully they will choose and once they made their choices they often stick to it. Therefore even if the customer is dissatisfied but involved, he/she will try and repair the relationship rather than leaving for other choices. Richards 1996 postulates that involvement creates a willingness to tolerate dissatisfaction.
Becket et al (2000) also pointed out that customer’s involvement in the buyer-seller interchange integrates several subsets such as customer control, customer participation and level of contact. The more a customer is involved, the more he/she has confidence in the service provider and also in the service provided.

**Attraction of alternatives;** Richards, (1996) argues that the more the alternatives attract, the more dissatisfied customers will converse, meaning switch service provider. If the alternatives available are less attractive than the current provider it means the conversion may then be delayed despite the dissatisfaction. However if the available alternatives are more attractive, the customers quickly converse in spite the satisfaction. Sharma and Patterson (2000) states the customer stays with the service provider if he/she does not know about the available substitutes or other alternatives even if the service provider is poor. On the other hand customers tend to switch to another provider when they know there are some substitutes even if they are satisfied. Therefore this factor explains that the hotel should make some advertisements regularly so that they position their brand in the minds of the customers.

**2.2.3 Relationship commitment model**

This is a model formulated by Sharma and Patterson (2000) showing the determinants of relationship commitment. The model includes three factors which are communication effectiveness, technical quality and functional quality all affected by trust which then affects relationship commitment.

**Conceptual model**
Trust; Sharma and Patterson defined trust as the belief that the service provider can be relied on to behave in such a way that the long term-interests of the buyer will be served.

**Technical quality**; this is the core service bought by the customer (Sharma and Patterson, 1999). Therefore in other words technical quality is the service quality. In this current research technical quality is accommodation and or food.

**Functional quality**; this is how the service is delivered to the customer. It also includes the interaction between the service provider and the service receiver.

However the above two factors, technical quality and functional quality are both a result of service quality. Therefore the customer is concerned with how the service is delivered and also the quality of the product. The stronger the trust in the relationship and the greater the perceived quality the stronger is the relationship, therefore leading to the customer commitment.

**Communication effectiveness**; this is the sharing of information of the service provider and the receiver informally or informally. The purpose is to keep clients informed about the investments of the hotel. This will make customers feel involved and create trust with the organisation resulting in them being committed to the service.

2.2.4 The holistic approach theory
Ranaweera and Prabhi, (2003) researched a holistic approach that analyses the collection of three elements which are satisfaction, trust and switching barriers on customer retention. This theory explains how the three elements influence or affects customer retention in hotels. This theory explains customer retention as the propensity for customers to stay with their service providers.

**Customer satisfaction** several studies showed that the more satisfied a firm’s customers are, the more they remain loyal to the firm (Fomell 1992). Therefore hotels are making lots of effort to try to manage and increase customer satisfaction. Anderson and Sullivan (1993) stated the following ‘investing in customer satisfaction is like taking out an insurance policy. If hardship temporarily befalls, the firm’s customers will be more likely to remain loyal’. Despite customer satisfaction being the strong and best base to start with when retaining customer, there are also other influencing factors. Richards (1996) argues that some customers even though they are satisfied will leave the hotel while others who are dissatisfied will remain.

**Trust** It is conceptualised as existing when one party is confident in the other party’s reliability and integrity. This theory of holistic approach explains that it is not satisfaction alone that makes customer to stay but also trust because when trust is built the probability of each party to leave decreases. Gounans (2003) argues that trust is an important element in any type of relationship. The more trust is built; the higher is the perceived value of relationship.

**Inertia;** Huang and Yu (1999), defines inertia as a non-conscious form of retention. Gupta et al, (1996), argues that the greater the degree of inertia, the more likely the customer is sensitive to promotions or similar attempts by competitors.

**2.2.5 The concept of customer retention**

Customer retention is a concept which has its root from the planned behaviour theory and is something that consumers may exhibit to brands, services and products or activities. Zeithaml, Berry and Parasuraman (1996), postulates that customer retention has been conceptualised as a dimension of a customer loyalty construct. The terms customer loyalty and customer retention are often used interchangeably in marketing. However this is not true as these terms mean different things, they are not surrogate of each other. Therefore the conceptualisation of customer retention needs further
explanations. Zineldin (2000) defines retention as a commitment to continue to do business or exchange with a particular company on an on-going basis. Retention can also defined as the customers liking, identification, commitment, trust, willingness to recommend and repurchase intentions, with the first four being emotional-cognitive retention constructs and the last two being behavioural intentions as explained by (Strauss and Friege, 2001). Customer retention is concerned with repeated patronage, which is closely related to repeat-purchasing behaviour and brand loyalty (Buttle, 2004).

Commitment is defined as the central outcome variable in business relationships, which ensures the strength, stability, durability and even profitability of a relationship (Morgan and Hunt, 1994). Therefore the concept of retention implies a long-term commitment on the part of the customer and the firm to strengthen the relation.

The benefits of retaining customers to the organisation are more sales and therefore more profits in that the longer the customer stays with the organisation, the more profits the organisation gets. The importance of retaining customers in not new to marketing as supported by Kotler (2003) as he believed that marketing is as much concerned with retaining as well as acquiring customers. From the above analysis of the literature, customer satisfaction, customer commitment and customer trust are the factors found to influence customer retention in flamboyant hotel. The following is the discussion of these factors and concepts and their relationship with customer retention.

2.2.5.1 Customer satisfaction and customer retention
Satisfaction is a customer’s affective or emotional state toward a relationship. According to Assael (2005) customer satisfaction occurs when customer expectations are met or exceeded and the purchase decision is reinforced. Marketers take customer satisfaction as a significant determinant of positive word-of-mouth, customer loyalty and repeat purchase (Kotler, Armstrong and Cunningham, 2002). Consumer satisfaction is acknowledged as a consumer’s subjective evaluation of the outcomes and experiences associated with consuming or using the product or service, (Oliver and Svan, 1989). In addition Oliver (1997) defines satisfaction as a post-choice evaluative judgement in reference to a specific and purposeful decision. Kotler, Armstrong and Cunningham (2002) also hold that satisfaction is important to
consumers because it represents a positive outcome for the money spent to fulfil their needs.

Customer satisfaction has a significant impact on repurchase intentions in a range of services Patterson, Johnson and Spreng, (1998). In addition, Kotler, Armstrong and Cunningham (2002) postulate that satisfying customer’ needs and wants ensures repeat purchase. Kotler (2003) also noted that customer satisfaction is regarded as the key to customer retention and has been taken as a fundamental factor of long-term customer behaviour and customer retention. Kotler et al, (2002) noted that there is linear and symmetrical relationship between customer satisfaction and repurchase intentions. This means that customer satisfaction has a direct impact on repurchase intentions. Therefore from the above analysis, this research proposes that there is a significant positive relationship between customer satisfaction and customer retention.

2.2.5.2 Customer commitment and customer retention

Commitment can be defined as the sacrifices made by the seller and buyer to maintain a relationship. Berry and Parasuraman (2000) define commitment as an enduring desire to maintain a valid relationship. Mutual commitment is very essential in building a long-term relationship. Another strong definition of commitment emphasizes on the willingness to rely on an exchange partner on whom another has confidence (Hadjikhani and Thilenius, 2005). Morgan and Hunt (1994) identified that commitment was found to be the most common dependent variable used in buyer-seller relationships and mutual effort based on commitment, would allow firms to remain competitive. There is evidence suggesting that stronger relationship commitment reoffered to buyers repeat patronage. Morgan and Hunt (1994) found significant relationships between the level of a buyer’s relationship commitment and his acquiescence, propensity to leave and cooperation, all of which can be regarded as behavioural outcomes of relationships. The theory of reasoned action model posits that commitment, an attitude towards a retailer, is a direct antecedent to loyalty (Sheaves and Barnes, 1996) and once loyalty is solidified, consumers will not be attracted by other alternatives. Fullerton (2005) posits that commitment is positively related to repurchase intention thereby customer retention. Therefore from the above analysis of commitment, it can be concluded that commitment has a strong influence on customer retention.
2.2.5.3 Customer trust and customer retention

Trust is defined by Hart and Johnson (1999) as situations that are being characterised by the following aspects; one party who is willing to rely on the actions of another party and the situation is directed to the future. Trust has been defined in numerous ways in the marketing as the willingness to rely on an exchange partner in whom another has confidence, Hadjikhani and Thilenius, (2005). Another scholar defines trust as having the confidence that the other party will not exploit ones vulnerabilities (Hart and Johnson, 1999).

In the financial services market, according to Bayne (1999), trust together with honesty, fairness or excellence has been taken as one of the basic consumer needs. Since customers might need reassurance to release their personal details and preferences, hotels have to prove that they deserve to be trusted. The development and upkeep of trust in an online environment when doing some bookings is critically important, especially in such a highly unpredictable market with high competition urban, Sultan and Qualls, (2000) customer trust significantly contribute to sales growth through customer acquisition and retention (intermarket group, 2004) therefore from the above analysis, it is hypothesized that there is a positive relationship between trust and retention.

2.3 Empirical literature

2.3.1 Factors influencing customer retention

According to Bolton (2000) the customers are important, but keeping them and satisfying them is more important. As witnessed by many researcher and authors as follows customer retention is influenced by many factors. These factors are explained below.

Roisin McCullagh (2010) carried a research on customer retention management in the hospitality industry case of Donegal hotels. The research outlines that customer relationship management is imperative to the success of today’s hotel sector in Donegal, as it is cost efficient to retain valuable customers than to gain new ones and the current economic climate is of high importance. The research found out that the hotels of Donegal used customer satisfaction, loyalty programs, relationship
marketing, data collection, complaints handling services, recovery strategies and post purchase follow ups. The research process carried out by two techniques that is descriptive and explorative research design. However this research was carried out in Donegal in the past six years, this become different with the current research in that customers are more dynamic and leading to different needs and preferences.

Another research carried out by Vilma Tamulience and Ingnda Gabryte, (2004) on factors influencing customer retention; Lithuanian mobile operators show that there is a positive correlation between factors influencing customer retention. These factors are identified in their theoretical model as customer satisfaction relationship quality, switching costs and customer retention. The research propounded that factors influencing customer retention are important in customer relationship conception which has implications for organisational business strategy and regulatory policies.

However the research of Vilma and Indnda, (2004) explained above was basing on mobile operators which make it difficult to adopt its strategies since the latter is on hotel industries. Differences in case studies make the gap between the two researches.

The research carried out by Shahzad Khan, ( ) on the determinants of customer retention in hotel industry between two hotels Grand hotel and Park Inn hotel. The research pointed out that for hotels to be able to retain their customers they should be able to offer different packages to their customer so that they repeat the purchase in the long run. The research explained three factors which are customer loyalty programs, price as a determinant of quality and brand image to be factors influencing customer retention in these hotels. The main aim of their research is to find out which factor play more important role in influencing customer retention in the two hotels. In their line of research they use both qualitative and quantitative techniques. They use questionnaires to collect their data from the hotel customers and secondary data was extracted from journals and articles. The main intention of the research was to find out which hotel customers are more retained the respective hotels.

On the other hand due to differences in geographical areas it is difficult to compare and contrast the factors the two hotels mentioned above with the current research.

Another research carried by Jessica Mascareign( ) on customer retention on the case studies of agencies in the professional service sector in Sweden. The research talks
about how professional service sectors retain their customers over time. The research was contacted through four case studies in the professional service industry specifically in the advertising sector. The findings from the study shows that service industry should create personal relationships with the clients, as it is a strong bond tying customers to the firm, creation of customer satisfaction and creation of switching barriers are the main strategies employed by firms to retain their customers. The research also includes other factors such as the ability to convey confidence, to get the customer involved and to be able to deliver good quality services.

However the research carried out by Jessica was carried out in Sweden and the current research is carried in Zimbabwe. The differences in economy and social structure of the two countries makes it difficult to buy the ideas as it cannot apply in the less economically developed countries like Zimbabwe.

Chatura Ranaweera and Jaideep Prabhu (2003) did the research on the influence of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting. The research adopts a holistic approach that examines the combined effects of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting. There is a framework which develops several hypothesis regarding the main and interactive effects of satisfaction, trust and switching barriers on customer retention. The hypothesis test shows that both customer satisfaction and trust have strong positive on customer retention. Nevertheless the interaction between trust and satisfaction also has a significant effect on retention indicating that building both customer satisfaction and trust is an important strategy than a focus on satisfaction alone. The results from a quantitative research show that switching barriers have a positive effect on customer retention as well as satisfaction.

Another research is that of Lili, Shen Mei Yuan and Nan Jiang of an analysis of the influencing factors of customer retention in tourism resort industry a case study of Lingnan impression park, Guangzhou, China. During their research they pointed out that customer retention is an important factor in today’s increasing tourism competitive markets which should be attendant to seriously. Nowadays many researches based on customer retention concentrate mainly on business market research in the hotel industry. In their research they look on cultural attractiveness,
attraction operations, promotion strategy and tourists costs as the factors that influence customer retention in tourist resort. They use qualitative research method to gather their data from the case study. However, although this research was focusing on customer retention in the tourism industry where as the current research is also focusing on hotel industry which is the same industry; the researcher cannot use the result to conclude her research because of different geographical areas. The finding cannot be used in Zimbabwe, due to differences in economic structure makes it difficult to use the same results. China is a developed country where as Zimbabwe is a developing country so differences in the type of customers and their preferences. Therefore a need to carry out this research.

Pre-research by Rosemond Boohene, Gloria K. Q. Agyapong and Eric Gonu (2013) on the research factors influencing the retention of customer of Ghana commercial bank within the Agona Swedru municipality. In this research they talked about retention of customers as an important strategy because of today’s competitive environment. Their study examines the impact of retention factors that makes customers to stay with the commercial bank of Ghana. In this research descriptive research was used and simple random sampling and self-administered questionnaires were used to obtain data from 480 customers of the bank. Correlation and regression techniques were used to examine the relation between customer satisfaction, service quality, customer trust, customer commitment, switching barrier factors and customer retention. The results produced showed that switching barriers is the most significant factor influencing customer retention followed by customer commitment and then customer trust at this commercial bank of Ghana. As a result the researcher recommends that management of the bank should give much attention to customer commitment by investing more into customer relationship marketing strategies leading to the increase in the customer’s dependency and inhibit switching.

Another research by Aggrey Learnard Mwachala, Mjomba Majalia L. Omindo Karim H and Veronica Nyatich (2014), strategies influencing customer retention in the hotel in Mombasa country. The researchers emphasize that customers are very important to organisations. For organisations to remain competitive they must satisfy their customers so that they came back for the purchase again to the hotel. The general objective of their research was to investigate the effectiveness of strategic factors influencing customer retention in the hotel industry in Kenya a case of Mombasa
country. The findings of their research pointed out that the adoption of different strategies affected customer retention in the hotel industry in different ways. For example it was found out that price has less effect on the customer stay intentions in hotels. The findings produced that quality, hotel image and technology utilisation had a significant impact on customer retention. The researchers also recommend that there is need for hotels to be innovative and adapt to strategies that will make them competitive thus returning their loyal customers. The research uses descriptive survey design and stratified and random sampling to identify respondents.

2.4 Chapter Summary

As explained in this chapter, there are a lot of factors influencing customer retention in hotels. This has been explained theoretically and empirically. Satisfaction alone is not enough, there is need of other factors such as trust, and commitment as mentioned above. The hotel industry should work very hard so that they retain their customers.
CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This research explains how the research is being carried out. It looks at the research design and instruments that is being used for collection of data. It links how the problem definition is linked with the selection of research design. In other words the researcher is going to discuss different methods used in gathering data and research designs for this study which entailed the factors influencing customer retention in hotels. The researcher uses sources of data such as primary sources, (questionnaires). The instrument used is important so as to ensure validity and reliability.

3.1 Research design

Research design is a framework of the research study. According to Leedy (1993), a research design is a total plan showing how research data is gathered. Smith (1996), postulate that a research design provides a blue print for reacting to the objectives of the research hence gives a framework for the research plan of action. Zikmund (1996) defines a research design a specified master plan for collecting and analysing data. the researcher therefore anticipated the needs and circumstances of the research under study and chose the causal research design.

This research design seeks to determine how one variable, “independent” influence another variable, ‘the dependent’, Churchill et al (2005). It is used to obtain evidence to cause and effect relationship. In other words it explains the extent to which changes in variables cause changes in another variable, Shukla (2008). Churchill and
Iacobucci (2005) postulates that a causal research is used mainly for purposes of predicting and testing hypothesis.

Quantitative research is concerned mainly on hypothesis testing derived from the theory. Relying on the hypothesis one can choose participants randomly assigned to different treatments. The researcher also chose the method because the data solicited is static, how the market environment reacts to the influencing factors of customer retention may be the same in the future. Causal research allows for the collection of quantitative data, therefore some statistical techniques are used to summarise the information. Also the research design produce results that are easy to compare, summarize and generalize. The researcher is able to use both primary and secondary data by using causal research design which could not be used if exploratory research has been used, (Shukla 2008)

3.2 Population and Sampling

According to Van Dalen (1978), target population is defined as part of the population which is the researcher would like to generalise. The target population is the actual population to which the researcher focuses on and wishes to generalise. The population in this research was limited to the customers of the Flamboyant hotel who were present in their rooms at that particular day. However on the other hand a sample is a small part of anything designed to show the style, quality and nature of the whole, Wegner (1993) a sample approximates the measurement of the whole population. In this research, the research made use of the simple random sampling techniques.

3.2.1 Selection of Sampling Unit/ Method

Random sampling method was used for selecting respondents for the research. Since it was difficult to find people outside their rooms or knocking on their rooms, the researcher has to be assisted by the hotel staff to distribute the questionnaire in the rooms. The researcher use random selection of the occupied rooms using room numbers. The questionnaires were placed in different rooms in the morning during the cleaning time.

The simple random technique helps to ensures that each and every person in the entire population has an equal chance of being included in the sample, Hussy and Hussy (1997). The researcher uses the gold fish bowel process whereby cards were
numbered with room numbers and placed in a bowel. Staff members randomly picked the numbered cards. Then the questionnaires were placed in rooms which their room numbers were picked by the staff members.

3.2.2 Sample Size

Saunders and Thornhill (2000) acknowledge that not every member of the population is measurable because of time, cost and the need to choose a sample that becomes a representative of the target population through the process of sampling.

For this research, sample size has been determined using fig 3.1 displayed below, that was extracted from Krejcie and Morgan (1970)

<table>
<thead>
<tr>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>100</td>
<td>80</td>
<td>280</td>
<td>162</td>
<td>800</td>
<td>260</td>
<td>2800</td>
<td>338</td>
</tr>
<tr>
<td>15</td>
<td>14</td>
<td>110</td>
<td>86</td>
<td>290</td>
<td>165</td>
<td>850</td>
<td>265</td>
<td>3000</td>
<td>341</td>
</tr>
<tr>
<td>20</td>
<td>19</td>
<td>120</td>
<td>92</td>
<td>300</td>
<td>169</td>
<td>900</td>
<td>269</td>
<td>3500</td>
<td>246</td>
</tr>
<tr>
<td>25</td>
<td>24</td>
<td>130</td>
<td>97</td>
<td>320</td>
<td>175</td>
<td>950</td>
<td>274</td>
<td>4000</td>
<td>351</td>
</tr>
<tr>
<td>30</td>
<td>28</td>
<td>140</td>
<td>103</td>
<td>340</td>
<td>181</td>
<td>1000</td>
<td>228</td>
<td>4500</td>
<td>351</td>
</tr>
<tr>
<td>35</td>
<td>32</td>
<td>150</td>
<td>108</td>
<td>360</td>
<td>186</td>
<td>1100</td>
<td>285</td>
<td>5000</td>
<td>357</td>
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<tr>
<td>40</td>
<td>36</td>
<td>160</td>
<td>113</td>
<td>380</td>
<td>181</td>
<td>1200</td>
<td>291</td>
<td>6000</td>
<td>361</td>
</tr>
<tr>
<td>45</td>
<td>40</td>
<td>180</td>
<td>118</td>
<td>400</td>
<td>196</td>
<td>1300</td>
<td>297</td>
<td>7000</td>
<td>364</td>
</tr>
<tr>
<td>50</td>
<td>44</td>
<td>190</td>
<td>123</td>
<td>420</td>
<td>201</td>
<td>1400</td>
<td>302</td>
<td>8000</td>
<td>367</td>
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<tr>
<td>55</td>
<td>48</td>
<td>200</td>
<td>127</td>
<td>440</td>
<td>205</td>
<td>1500</td>
<td>306</td>
<td>9000</td>
<td>368</td>
</tr>
<tr>
<td>60</td>
<td>52</td>
<td>210</td>
<td>132</td>
<td>460</td>
<td>210</td>
<td>1600</td>
<td>310</td>
<td>10000</td>
<td>373</td>
</tr>
<tr>
<td>65</td>
<td>56</td>
<td>220</td>
<td>136</td>
<td>480</td>
<td>214</td>
<td>1700</td>
<td>313</td>
<td>15000</td>
<td>375</td>
</tr>
<tr>
<td>70</td>
<td>59</td>
<td>230</td>
<td>140</td>
<td>500</td>
<td>217</td>
<td>1800</td>
<td>317</td>
<td>20000</td>
<td>377</td>
</tr>
<tr>
<td>75</td>
<td>63</td>
<td>240</td>
<td>144</td>
<td>550</td>
<td>225</td>
<td>1900</td>
<td>320</td>
<td>30000</td>
<td>379</td>
</tr>
<tr>
<td>80</td>
<td>66</td>
<td>250</td>
<td>148</td>
<td>600</td>
<td>234</td>
<td>2000</td>
<td>322</td>
<td>40000</td>
<td>380</td>
</tr>
<tr>
<td>85</td>
<td>70</td>
<td>260</td>
<td>152</td>
<td>650</td>
<td>242</td>
<td>2200</td>
<td>327</td>
<td>50000</td>
<td>381</td>
</tr>
<tr>
<td>90</td>
<td>73</td>
<td>270</td>
<td>155</td>
<td>700</td>
<td>248</td>
<td>2400</td>
<td>331</td>
<td>75000</td>
<td>382</td>
</tr>
<tr>
<td>95</td>
<td>76</td>
<td>270</td>
<td>159</td>
<td>750</td>
<td>256</td>
<td>2600</td>
<td>335</td>
<td>100000</td>
<td>385</td>
</tr>
</tbody>
</table>

*Figure 3.1; determining sample size for a given population*

*Source; Morgan and Krejcie (1970)*
The above table was used to get the sample sizes of the population for customer was estimated to be 1000 customer as this is the total number of customer a hotel accommodates at full capacity therefore the sample size was found to be 278. The population for employees was 35 and the sample size is 34 according to the table. Therefore the researcher decided to carry a census of everybody because the population of 35 is small.

3.3 Research Instruments

3.3.1 Questionnaire

A questionnaire is a document that asks the same questions to all individuals in the sample, Borg and Gall, (1996). Two questionnaires were drafted one for the employees of Flamboyant and the other for the customers of Flamboyant hotel. Considering the quantitative nature of the study, questionnaire made it easier to quantify the data as well as analysing it without subjectivity. The questionnaire was also preferred due to its convenience as respondents could answer at their convenience. Again, the questionnaire is effective considering that it covers a large number of respondents and guarantees anonymity to respondents. The researcher was assisted by the employees of the flamboyant hotel to place the questionnaires in customers’ occupied rooms during cleaning time. The questionnaire aided the researcher to gather relevant, accurate and unbiased information. As discussed in the above section, the researcher chose three factors as the influencers of customer retention which are trust, commitment and satisfaction. Each of the factors should be measured reliably with a multi-item scale. To measure the relationship the researcher used a five point likert scale (1=strongly disagree – 5= strongly agree)


3.4 Measurement of Variables

Customer satisfaction was measured using a five-item, five-point Likert-type scale. The items were adopted and modified from the satisfaction measure developed by Rust and Zahorik (1994) that customer satisfaction reflects the degree to which a consumer believes that the possession or use of a service evokes positive feelings.
Customer commitment to the hotel relationship was measured using a five-item, five-point Likert type scale. The items were adopted and modified from the customer commitment measure developed by Sharma and Patterson, (2000), Homburg and Giering (2001) and Chaudhuri and Holbrook (2001). The items tap the multiple facets of commitment included in their definition, including the customer’s loyalty, willingness to make short-term orientation, and intention to invest in the relationship. Commitment was measured using switching cost, alternative attractiveness, brand attitude, services offered, and price.

The customer’s trust with the hotel was measured by a five-item, five-point Likert scale. The items were adopted and modified from customer trust measure developed by Gounaris (2005) and Ganesan (1994). These items related to integrity, relationship marketing strategy, competence of the supplier, and honesty.

3.5 Data Collection Procedures

The researcher was given the permission by the manager of Flamboyant hotel to carry out a research with them as well as access to relevant information in the organisation. A pilot test was conducted on the questionnaire in order to evaluate the impact of the questionnaire as well as to enable the researcher to assess the quality of the responses and also to enable reliable and quality data to be collected. Effective changes were made after the pilot survey was done.

Questionnaires were administered in person in order to achieve a high response rate. Some of the questionnaires were administered by the hotel assistants to encourage a high response rate and take advantage of their relationship with customers. The questionnaires were collected after a week. This was done to give respondents enough time to analyse the questions and answer them. For the employees, the questionnaires were given to the manager to distribute on behalf of the researcher.

3.6 Data Presentation and Analysis

Data collected from the questionnaires was analysed through the use of statistical packages SPSS V20 and presented in tables. Tables enable a quick and accurate analysis of data as well as good presentation of data. In this study, based on the research problem and research hypothesis, data is presented separately in chapter 4.
3.7 Reliability

Copper and Schindler (2003) defines reliability as the degree of consistency that an instrument or procedure demonstrates. An instrument which is reliable maintains consistency in whatever it is measuring. To ensure reliability, Cronbach’s reliability test was conducted on the results.

3.8 Validity

Joppe (2000) postulates that validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others.

3.9 Ethical Considerations

Kothari, (2004) defines ethics as a code of conduct, rules or laws that governs behaviour. Therefore they are principles to abide by relating to what is right and what is wrong. The researcher paid due respect to some ethical values by ensuring that individual rights, privacy and welfare remain a central feature in researchers study. The researcher will respect the participants consent as a critical confidentiality.

3.10 Summary

The causal research design was used in this study. Questionnaire respondents were selected using simple random selection technique. 1000 customers of Flamboyant hotel made the population of the study and a sample size of 278 was chosen. There were 35 employees at Flamboyant and therefore a sample size of 34 was chosen from this population, adopted from Morgan and Krejcie,(1970). The researcher was assisted by the hotel employees to administer the questionnaires to gather data. The results collected will be highlighted in the next chapter, chapter 4.
CHAPTER IV

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.0 Introduction

Chapter four presents the findings of the research study, an analysis and discussion as below. The objective was to show and analyse research findings using quantitative techniques. The data was compiled and analysed using the Statistical Package for the Social Science Version (SPSS). The analysis of the collected data was carried out through the chi-square and the findings were linked to the research objectives and questions of this research study.

4.1 Sample Response Rate

As mentioned earlier in chapter 3, questionnaires were used to collect the data. Two hundred and seventy eight questionnaires were randomly distributed to the flamboyant customers who were present and thirty five questionnaires were to the flamboyant employees giving a total of three hundred and five. Fortunately all the questionnaires were returned so the respondent rate was 100%. Table 4.2 below illustrates the response rate for the study

<table>
<thead>
<tr>
<th>Target</th>
<th>Questionnaires issued</th>
<th>Questionnaires returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>278</td>
<td>278</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.2 Reliability test

<table>
<thead>
<tr>
<th>Scale item</th>
<th>Cronbachs alpha</th>
<th>N=number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0,766</td>
<td>5</td>
</tr>
<tr>
<td>Commitment</td>
<td>0,770</td>
<td>5</td>
</tr>
<tr>
<td>Trust</td>
<td>0,833</td>
<td>5</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>0,808</td>
<td>5</td>
</tr>
</tbody>
</table>

The table above shows the reliability of the results of the variables satisfaction, commitment, trust and customer retention which are 0.766, 0.770, 0.833 and 0.808 respectively. This was conducted on the summated scale and the internal consistency was assessed by means of the Cronbach’s alpha coefficients. The recommended cut-off level is 0.70 according to Nunnally, 1994. This indicates that the findings of the research questionnaires are acceptable and can be analysed.

4.2 Validity Test

4.2.1 Construct Validity

According to Cronbach (1970), evidence of construct validity exists when the pattern of correlation among variables conforms to what is predicted by theory. Hence the convergent and discriminate validities are examined. According to Cronbach (1970), evidence of construct validity exists when the pattern of correlation among variables conforms to what is predicted by theory. Therefore convergent and discriminant validities are examined. The average variance extracted (AVE) from all constructs shown in Table 4.3 exceeded the minimum criterion of 0.50, hence ensuring convergent validity, (Fornell and Lacker, 1981)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Construct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0.660</td>
</tr>
<tr>
<td>Commitment</td>
<td>0.539</td>
</tr>
</tbody>
</table>
To see if the measurement scales have discriminant validity, AVE for two constructs should exceed the R square of two constructs, Fornell and Lacker, 1981. The R values are shown in the table below:

<table>
<thead>
<tr>
<th>Table 4.4; Correlation Matrix Table showing R values</th>
</tr>
</thead>
<tbody>
<tr>
<td>trust</td>
</tr>
<tr>
<td>Trust</td>
</tr>
<tr>
<td>Satisfaction</td>
</tr>
<tr>
<td>Commitment</td>
</tr>
</tbody>
</table>

The findings show that there is discriminant validity. This is evidenced by the average variance extract for commitment and trust which had .762 and .539 respectively which is greater than the R square of these two constructs of .264. Trust and commitment also had average variance extract of .660 and .762 which is again greater than the R square of the two constructs.

### 4.3 Hypothesis

This section analyses the hypothesis of this research. The proposed five hypotheses were tested using regression analysis. Both the proposed hypotheses were supported and the section below provides a detailed discussion of the hypothesis testing.

#### 4.3.1. H1: there is a positive relationship between satisfaction on customer retention

The first hypothesis H1 states that there is a positive relationship between customer satisfaction and customer retention. Hence the table below show the results which can be used in order to accept or reject the stated hypothesis.

<table>
<thead>
<tr>
<th>Table 4.5 Model Summary: satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
</tbody>
</table>

---

Source: Primary Data

Source: primary data
The above table shows the regression results of trust and customer loyalty. The predictive power of the model is shown by a moderate R Square value of 0.661; hence the model is a good fit. Therefore the model summary shows that 60% of the variation in customer retention is caused by customer satisfaction. The table below shows the regression coefficient of the relationship

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.320</td>
<td>.110</td>
<td>2.896</td>
</tr>
<tr>
<td></td>
<td>satisfaction mean</td>
<td>.862</td>
<td>.078</td>
<td>.813</td>
</tr>
</tbody>
</table>

The table shows that there is a significant relationship between customer satisfaction and customer retention which is indicated by a beta weight of .813 as well as the unstandardized coefficient of .862 at p which is .000. These results indicate that there is a positive relationship between satisfaction and customer retention, hence accept H1. The hypothesis above postulates that satisfaction has an impact on customer retention in the hotel industry.

4.3.2. H2: there is a positive relationship between customer commitment and customer retention

The second hypothesis states that there is a positive relationship between commitment and customer retention. The table below shows the results which can be used in order to reject or accept the hypothesis.
The above table shows the regression results of commitment and customer retention. The predictive power of the model is shown by a strong $R^2$ value of 0.633; hence the model is a good fit. The model summary shows that 60% of the variation in customer loyalty is caused by commitment. The table below shows the regression coefficient of the relationship.

### Table 4.7 Model Summary: commitment

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.796a</td>
<td>.633</td>
<td>.627</td>
<td>.359</td>
</tr>
</tbody>
</table>

a. predictors (constant) commitment

source: primary data

The table shows that there is significant relationship between customer commitment and customer retention which is shown by a beta weight of as .796 as well as the unstandardized coefficient of .686 at $p$ which is .000. This results indicate that there is a positive relationship between commitment and customer retention hence we should accept H2. Therefore this hypothesis postulates that commitment has a positive impact on customer retention in the hotel industry.
4.4.3. H3: There is a positive relationship between trust and customer retention

This hypothesis states that there is a positive relationship between customer trust and customer retention. Therefore the table below shows the results which can be used in order to reject or accept the hypothesis.

Table 4.9 Model Summary: trust

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.865a</td>
<td>.748</td>
<td>.743</td>
<td>.298</td>
</tr>
</tbody>
</table>

a. Predictors: (trust mean Constant),

The above table shows the regression results of trust and customer retention. The predictive power of the model is shown by a moderate R Square value of 0.748; hence the model is a very good fit. The model summary shows that 70% of the variation in customer retention is caused by trust.

The table below shows the regression coefficient of the relationship

Table 4.10 Coefficients: trust

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.346</td>
<td>.089</td>
<td>3.905</td>
</tr>
<tr>
<td>Trust</td>
<td>.767</td>
<td>.057</td>
<td>.865</td>
<td>13.550</td>
</tr>
</tbody>
</table>

a. Dependent Variable: customer retention mean

The table shows that there is a significant relationship between customer retention and trust which is indicated by a beta weight of .865 as well as the unstandardized coefficient of .767 at p which is .000. These results indicate that there is a positive relationship between trust and customer retention, hence accept H3. The hypothesis
above postulates that trust has a positive impact on customer loyalty in the hotel industry using the case of Flamboyant hotel.

4.5.4 H1 – H3 postulates that the above mentioned factors which are commitment trust and satisfaction has the significant positive effect on customer retention at flamboyant hotel in order to test this hypothesis, a multiple regression was conducted and analysed using the customer retention as the dependent variable, and the factors that influences customer retention (trust, satisfaction and trust) as the predicting variables. Therefore the researcher identified the relative importance of the factors (trust, commitment and trust) in explaining the retention rate of customers to the hotel. However since the three factors of customer retention are closely related, multicollinearity may exist. Therefore to remove this impact, a two-stage analysis was conducted. First the 15 items of the factors influencing customer retention were factor analysed into five factors. Then the factor scores of the five dimensions were used as independent variables for the regression analysis (see Sin et al. 2002). Therefore, on the basis of the analysis made, it can be said that successful utilisation of the discussed factors can improve customer retention at Flamboyant hotel.

4.6 Discussion

This study tested the analysis of the factors influencing customer retention in hotel industry. In order to test hypothesis the researcher chose three factors which are trust, commitment and satisfaction as the independent variables to customer retention which is the dependent variable. The overall results showed that there is a positive relationship between these factors and customer retention. The relationship can further discussed and supported by other empirical findings by other researchers.

Satisfaction has the positive effect of 60% on customer retention. These results are in line with the results of Nurul, Z and Putra Faizurrahmai Z (2014), on a research of managing customer retention of hotel industry in Malaysia, they also produced similar results that satisfaction has the positive influence on customer retention. However the slight difference can be attributed to the significant difference in respondent base and different locations as the research by Nurul, Z and Putra Faizurrahmai Z, (2014) was a
study in Malaysia sampling many hotels of which this current research is based on one hotel Flamboyant hotel in Zimbabwe.

Another research by Melam Zangmo, Wasin Liampreecha and Sujinda Chemsripong on the research of the influencing factors of customer retention in airline industry, a case of Drinkair royal Bhutan airlines (2012), also postulates that satisfaction has a positive influence on customer retention. However the difference is that the industries are different since the latter is of the hotel industry and the current research is on airline industry.

Many researchers also support that there is a positive relationship between customer retention and customer satisfaction. Satisfied customers become loyal to the hotel and repeat the purchase. Mithas et al (2005) also identifies a positive relationship between satisfaction and retention. Therefore the hotel should provide unique and quality services to its customers so that they become loyal and retain to the hotel.

While other past researches focuses on satisfaction as the main factor that causes customer retention, however Ranaweera Chatura and Jaideep Prabhu, (2003), researched about satisfaction, trust and switching barriers on their influence on customer retention. They also found out that there is a positive effect between satisfaction, trust and switching barriers and customer retention. Therefore there research also supports this research because the results are similar. However there are significant differences between the researches of the respondent base and Ranaweera and Jaideep’s research was focusing on general population unlike the current research which is focusing on hotel industry.

70% relationship between customer retention and customer trust was realised by this study. This shows that at Flamboyant hotel, trust is the most influencing factor of customer retention. Another study made by Sorayanti Utami on the influence of customer’s trust on customer loyalty. The results also produced that there is a positive results between trust and loyalty which results in retention. The research puts trust into three dimensions which are expectations, beliefs and attitude and customer loyalty was divided into three dimensions which are repeat purchase, endurance and communication.
There is also a similar research which supports the results above by Sayed, Alireza Masavi and Mahnoosh Ghaedi carried out in 2012. They carried a research on the relationship between trust, customer loyalty, and commitment and repurchase intentions. The findings imply that trust and commitment both lead to repurchase intentions. The results produce that the most impacts of trust are on customer loyalty 51%, commitment 38% and repurchase intentions 29%. In their research they pointed out that trust and commitment work together. They indicated that as trust increases commitment gets stronger and customers will be willing to repeat the purchase.

4.7 Chapter Summary

This chapter has discussed the results interpreted them and outlined the major findings of the study. It has also been instrumental in answering the research objectives and the hypothesis. The chapter also revealed how the findings are similar and or different to those of other researchers and what other scholars have revealed. The next chapter marks the end of the research study and presents summary, conclusions and recommendations.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives summary of the major findings, conclusions and recommendations that have emerged from the current study. The chapter is divided into three sections. The first section is the summary findings, the second part is on description of the major conclusions and the last is on recommendations. These findings and conclusions add to the understanding of the factors that influence customer relationship. This chapter has also been instrumental in answering the research objectives and research questions.

5.1 Summary of findings

The study was focused on achieving the following objectives:

1. To examine the relationship between customer satisfaction and customer retention
2. To examine the relationship between customer commitment and customer retention
3. To examine the relationship between customer trust and customer retention

In line with the first objective of analysing the relationship between customer satisfaction and customer retention at Flamboyant hotel, the study revealed that there is a positive impact between the two. The research revealed 60% influence of satisfaction on customer retention.

There was a 60% influence of commitment on customer retention implying that customer commitment at Flamboyant has a strong influence on customer retention of the customers. This shows that the hotel is giving more attention on the strategies of making customers committed to their hotel. This means that the hotel is making use of
commitment dimensions which are the extend of ambivalence, level of involvement and attraction of alternatives.

Lastly, there was 80% influence of trust on customer retention. This is really an unexpected result as most scholars reveal satisfaction as the most important factor that influences customer retention. In this research, the results show that the hotel needs to be trustworthy so that customers can repeat their purchases.

5.2 Conclusions

The purpose of this study was to gain better knowledge on the factors that influences customer retention in the hotel industry. (Reichheld, 1996) in hotel industry factors influencing customer retention is the most important thing to the survival of the company as finding new customers is very expensive and difficulty. It is therefore imperative for managers in hotel industry to apply effective customer retention factors model to upgrade on their own hotel company, in order to make the survival of the business and remain competitive in the industry.

Strategic management is an important factor in retaining customers. The top management and staff must be involved in building up this retention strategy, customer satisfaction through offering high quality services, the company should be trustworthy and secured that customers feels safe in their rooms and create activities that result in customer commitment. This improves the business image in the eyes of the customers and influences retention of customers thus leading to repeat business and increased sales.

Employees have roles that they are to perform to ensure that sustainable customer retention is attained at flamboyant hotel. Customer retention calls for the intervention of the directors, management, staff and customers to come up with suitable factors that will be used as a strategy to retain customers and make the hotel competitive.

The hotel should also note that it is those factors they give less attention that influences customer retention. As the results shows, trust has the more influence on customer retention compared to other factors which are commitment and satisfaction. The management thinks that its satisfaction that brings back customers to the hotel and put
more attention on providing quality food and offering unique service so that they satisfy
the customers whilst ignoring activities that result in trust.

Another thing one can conclude is that the hotel should train its employees on how to
handle customers well so that they will repeat the purchase. Employees should show
empathy and trustworthy to the customers so that the customers feel warmth and
comforted and become comforted and trust the company.

5.3 Recommendations

To attain customer retention hotels need to finely targeted customer intimacy
management programs that support satisfaction, trust and commitment. Since we are
now living in a global village the hotel needs to update and upgrade itself consistently
so that it remain competitive and increase its market share.

On managerial implications, there are several factors management of hotel industries
can use to improve their retention rate of customers. Other than employing those three
factors only, the managements can find other factors and include them in the process of
retaining customers. The hotel can implement as many customers as it can. The hotel
should also adopt technology and always stay updated on the desires of customers since
customers are dynamic.

Another recommendation is that the hotel should also build customer trust by creating
and maintaining relationships with the customers. By creating a relationship, there will
be a bond with customers leading to customers being committed and develop trust
towards the hotel. Also the hotel should take note that there are also other factors other
than satisfaction, commitment and trust that can be implemented to increase customer
retention.

Lastly, the three factors discussed in the research may serve training needs for
flamboyant staff to develop appropriate training programs that can help to improve their
understanding of the strategies and factors to be used to retain customers.

5.4 Suggestions for future research
There are many different opportunities to extend this study. Further studies can be done on other factors which were not included in this research on how they influences customer retention since this study was only limited to three factors. Another opportunity may also look out how the perceived customer retention factors differs in other hotels or countries since this research was only limited to flamboyant hotel in Masvingo, Zimbabwe only.

5.5 Chapter Summary

This chapter focused on the major findings, conclusions and recommendations of the research findings. In addition, it highlighted suggestions that could be of importance to the organisation when it considers being involved in customer retention. it also highlights the suggestions for future researches.
REFERENCE


Hadjikkhani, A and Thilenius, P. (2005); the impact of horizontal and vertical connections on relationships: Commitment and Trust. The Journal of Business and Industrial Marketing, Vol20 (2/3)


Melam Zangmo, Wasin Liampreecha and Sujinda Chemsripong, influencing factors of customer retention in airline industry, *Asia Business and Economics Journal*


Research Permit Form from the Organisation

Bindura University of Science Education

P.O Box 1020

Bindura

The marketing manager

Flamboyant hotel

Masvingo

Dear sir/madam

REF: PERMISSION TO CONDUCT RESEARCH AT YOUR ORGANISATION

My name is Turugari Maud. I am a fourth year student at Bindura University of Science Education studying for a bachelor of business studies honours degree in marketing. I am kindly seeking permission to conduct my research at your company. The title of my research topic is, an analysis of factors influencing customer retention at Flamboyant hotel.

I would be thankful to be permitted to conduct this research at your organisation
Yours faithfully

Turugari Maud
Please fill out the questionnaire below following the instructions to each individual question relating to your organisation. Please answer all questions to the best of your ability. If you tick the other box please specify the reason in the space provided.

Section 1: company profile

1 a) Hotel name .................................................................

b) Number of years in operation

1. Less than 10 years [ ]

2. 11 – 20 years [ ]

3. 21 + [ ]

2. Who is in charge of marketing in your organisation?

1. Manager [ ]

2. Marketing manager [ ]

3. External [ ]

4. Other [ ].................................

3) Resident location of most of your customer

1. Domestic [ ]

2. Southern Africa [ ]
3. Northern Africa  [ ]
4. International  [ ]

4) Age profile of customers (guests)

1. 25-34 years  [ ]
2. 35-54 years  [ ]
3. 55+  [ ]

Section 2

Rating scale; 1-strongly disagree 2-disagree 3-neutral 4-strongly agree 5-agree (use this scale for all the items below)

SATISFACTION

1. Flamboyant hotel completely meets its customer expectations 1 2 3 4 5
2. Employees work in tidy professional ways 1 2 3 4 5
3. Customers are fully satisfied with the services offered 1 2 3 4 5
4. The rooms, blankets and food are exceptionally of high quality 1 2 3 4 5
5. Televisions and Wi-Fi are functional 1 2 3 4 5

COMMITMENT

6. Flamboyant maintains its relationship with its clients 1 2 3 4 5
7. The hotel is after the interests of its customers 1 2 3 4 5
8. Customers will continue book with flamboyant for the next coming years 1 2 3 4 5
9. Some of the customers are likely to switch to other hotels 1 2 3 4 5
10. Customers have the hotel at heart 1 2 3 4 5

TRUST

11. Flamboyant hotel is trustworthy 1 2 3 4 5
12. Flamboyant hotel has high integrity 1 2 3 4 5
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>13</td>
<td>Consistency in providing quality service</td>
</tr>
<tr>
<td>14</td>
<td>It is reliable in providing unique service</td>
</tr>
<tr>
<td>15</td>
<td>There is close customer relationship</td>
</tr>
</tbody>
</table>

**CUSTOMER RETENTION**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>16</td>
<td>the customers will continue the relationship with us as far as possible</td>
</tr>
<tr>
<td>17</td>
<td>Customers will continue booking with us even if we charge higher price than other hotels</td>
</tr>
<tr>
<td>18</td>
<td>Flamboyant is the best hotel in Masvingo</td>
</tr>
<tr>
<td>19</td>
<td>Customers will influence others to use our hotel</td>
</tr>
<tr>
<td>20</td>
<td>Flamboyant gives individual attention to customers</td>
</tr>
</tbody>
</table>

*Thank you for taking the time to help me with my research I greatly appreciates your response. If you wish me to forward my findings to you please tick the option in box below.*

*Opt in [ ] (please supply email below)*

..........................................................

*Opt out [ ]*

THE END THANK YOU
**Research Permit form from the organisation**

Bandura University of Science Education

P.O Box 1020

Bindura

The Marketing Manager

Flamboyant Hotel

Masvingo

Dear sir/madam

**REF: permission to conduct research at your organisation**

My name is Turugari Maud. I am a fourth year student at Bindura University of Science Education Studying for a Bachelor of Business Studies Honours Degree in Marketing. I am kindly seeking permission to conduct my research at your company. The title of my research topic is an analysis of factors influencing customer retention at Flamboyant hotel.

I would be thankful to be permitted to conduct this research at your organisation
Yours faithfully

Turugari Maud

BINDURA UNIVERSITY OF SCIENCE EDUCATION

QUESTIONNAIRE INTRODUCTION LETTER

Turugari Maud as the fourth year student of the Bindura University of Science Education studying towards a business studies degree in marketing is carrying out a research on factors influencing customer retention, case of Flamboyant hotel. The study is being carried out in partial fulfilment of the requirements of the aforementioned area of study. In this regard, I kindly ask your assistance in filling this questionnaire.

The questionnaire only serves the purpose of academic research. Use of information availed herein in otherwise is illegal and it defeats the original cause of the initiative.

Your response is greatly appreciated

Thank you

Turugari Maud
Section 1; Demographics of respondents (indicate by circling)

1. Gender

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<table>
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<tbody>
<tr>
<td>1</td>
<td>male</td>
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<tr>
<td>2</td>
<td>female</td>
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2. Age

<p>| | |</p>
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<tr>
<th></th>
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<tbody>
<tr>
<td>1</td>
<td>&lt;20</td>
</tr>
<tr>
<td>2</td>
<td>21-40</td>
</tr>
<tr>
<td>3</td>
<td>41-60</td>
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<tr>
<td>4</td>
<td>60 and above</td>
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3. Location

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<tbody>
<tr>
<td>1</td>
<td>Local</td>
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<tr>
<td>2</td>
<td>Regional</td>
</tr>
<tr>
<td>3</td>
<td>International</td>
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4. Where did you hear about this hotel?

<p>| | |</p>
<table>
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<th></th>
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<tbody>
<tr>
<td>1</td>
<td>Internet</td>
</tr>
<tr>
<td>2</td>
<td>Friends and relatives</td>
</tr>
<tr>
<td>3</td>
<td>Media</td>
</tr>
<tr>
<td>4</td>
<td>Books and guides</td>
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<tr>
<td>5</td>
<td>Travel agency</td>
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</tbody>
</table>
5. Is this your first visit to this hotel or you are a regular customer

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</thead>
<tbody>
<tr>
<td>1</td>
<td>First visit</td>
</tr>
<tr>
<td>2</td>
<td>Regular customer</td>
</tr>
</tbody>
</table>

### SECTION B

#### A FACTORS OF RETENTION

| Rating scale: strongly disagree-1 disagree-2 neutral-3 agree-4 strongly agree-5 (use this scale for all the items below) |
|---|---|---|---|---|
| 1 SATISFACTION |
| How are the following methods used by flamboyant hotel satisfactory |
| 1. Flamboyant hotel completely meets my expectations | 1 | 2 | 3 | 4 | 5 |
| 2. Employees work in tidy professional ways | 1 | 2 | 3 | 4 | 5 |
| 3. Satisfied with all the services offered | 1 | 2 | 3 | 4 | 5 |
| 4. The rooms, blankets and food are of good quality | 1 | 2 | 3 | 4 | 5 |
| 5. Televisions and Wi-Fi are functional |

| 2 COMMITMENT |
| 6. Remain client to enjoy the relationship | 1 | 2 | 3 | 4 | 5 |
| 7. I feel flamboyant hotel is looking for my interest | 1 | 2 | 3 | 4 | 5 |
| 8. I will continue booking with flamboyant hotel for the next years | 1 | 2 | 3 | 4 | 5 |
| 9. I will wont switch to another hotel | 1 | 2 | 3 | 4 | 5 |
| 10. I have the hotel at heart | 1 | 2 | 3 | 4 | 5 |

| 3 TRUST |
| 11. Flamboyant hotel is trustworthy | 1 | 2 | 3 | 4 | 5 |
| 12. Flamboyant hotel has high integrity | 1 | 2 | 3 | 4 | 5 |
| 13. Consistency in providing quality service | 1 | 2 | 3 | 4 | 5 |
| 14. It has goodwill reputation | 1 | 2 | 3 | 4 | 5 |
| 15. Work in close cooperation | 1 | 2 | 3 | 4 | 5 |
CUSTOMER RETENTION

<table>
<thead>
<tr>
<th></th>
<th>16. I would continue my relationship with this hotel as far as possible</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17. I won’t terminate my relationship with this hotel as soon as possible</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>18. I would continue booking with this hotel even if they charge higher price than other hotels</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>19. This hotel is the best for me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>20. I will influence others to use this hotel</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

THANK YOU…. GOD BLESS