



**The Impact of Customer Relationship Management on Customer Loyalty in
Three and Four Star Hotels in Nairobi City County**

Submitted by
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A Research Proposal submitted in partial fulfilment of the requirements for the degree of
Bachelor of Science in Hospitality Management

SCHOOL OF TOURISM AND HOSPITALITY
STRATHMORE UNIVERSITY
AUGUST 2021

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DECLARATION

This project proposal is my ORIGINAL work and has not been presented for a degree in any other University.

Signed: _____  _____

Date: 13th August 2021

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Date: 13th August 2021

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ABSTRACT

The impact of customer relationship management on customer loyalty in three and four star hotels in Nairobi city county is a study that was conducted to three star hotels and four star hotels in Nairobi between July and August of 2021 on 35 hotels in that category. The ajor objective was to get the significance of customer relationship management, using CRM to build strong lasting relationships with customers and using CRM as a means getting many customers.

22 hotels responded to our questionnaire out of the possible 35. 50% of the respondents indicate that there hotels build relationships with new customers, 59% identify customer preferences and try to serve them based on that, 68% have not invested in any technology or software to track the customer information and 49% of the managers did very little in training staff and helping them with them achieving CRM and 72% of the respondents indicated that they had classified their customers in different segments in order to have an easy way of serving their needs which they should do and managers need to take charge of CRM.

ACKNOWLEDGEMENT.

I would like sincerely to appreciate my Supervisor for this project Mr. Philip Okombo for working day and night to help produce this document and as well Dr. Lucy Gikonyo for her input.

I would like to also thank the 3 and 4 star hotels who took time to fill my online questionnaire within a very short time.

LIST OF ABBREVIATIONS

CRM – Customer Relationship Management.

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CHAPTER ONE: INTRODUCTION

1.1 Background Information

Customer Relationship Management (CRM) is a comprehensive approach that aims to maximise the relationship with all customers (Injazz & Popovich, 2003) including both online customers and customers who patronize hospitality facilities. It is also the strategy aimed at gaining long term competitive advantage by delivering customer value and getting a business value simultaneously. The ability of understanding every customer and their needs using a customer centric approach.

The growing number of hospitality establishments in the city of Nairobi means the need to grow a personal relationship with every customer is important. Mwangi, (2012) says that most of the establishments need to change their marketing strategies in order to gain an edge in the growing competition. CRM can be used as a major marketing tool in the wake of the competition that is being witnessed. The ability of an establishment to know the needs of their customers is an important step Injazz & Popovich, (2003) towards convincing the customer to remain loyal. However, meeting these needs is a special kind of intimacy for both the parties. This will make the customer's expectations met and the experience to be excellent.

In Madhya Pradesh, India, hospitality establishments have been able to achieve CRM at great lengths. attribute this to amenities, speedy services, comfort, supportive staff and trust build between staff and clients. Establishments in this state have worked hard in achieving this, especially the amenities. The competition between public owned facilities and private ones has made it even more practical. Individual establishments in Nairobi should also try to achieve these factors. This will translate in the numbers of repeat customers which means retained customers who in turn grow sales. (Hardjono & San, 2017)

Customer preferences play a very important role in understanding their needs. An establishment should be able understand this by segmenting their customers accordingly. The market right now has various segments that are all looking for satisfaction. In the quest to create relationships with customers, it is important to understand the market segment and their assumed preferences. Understanding this will put establishments in very good positions to be able provide the best service to customers hence creating that intimacy. (Catherine, 2013) gives an example of casino customers who term an experience as unsatisfactory but

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still like the physical aspects of the casinos. This indicates that **it is** possible for service quality to be messed up because customer preferences were not correctly **identified**.

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Top management of hotels are directly involved and responsible for CRM practices and performance of their hotels. A study on Hotel and Restaurant Association of Ludhiana showed that all managers of the 10 hotels studied are aware of the CRM concept and they are involved in the processes and strategies of CRM. This ensures that all the staff can deliver on what is given to them in terms of knowledge and ensuring success (Banga, Kumar, & Goyal, 2013).

Another aspect of focus on CRM according to (Amoako, Arthur, Bandoh, & Katah, 2011) the customers of Golden Tulip Hotel in Accra, Ghana, the customers also shared some of the factors they assumed contributed to CRM. They included;

- The welcoming and accommodating attitude of staff.
- The hotel is widely spaced and comfortable.
- Very nice beds for accommodation.
- Good food (catering services) and comfortable chairs.
- Excellent internet speed.
- Lovely atmosphere at pool.
- Conference centre is one of the best for holding corporate meetings and programmes.
- Prompt responses to enquiries from staff.

1.2. Problem Definition

Customer relationship management is a great means of gaining a competitive edge in the hotel and restaurant hotel sector. Furthermore, it is a tool that establishments use to create the longest relationships with their clients and make better lasting business. (Al-Azzam & Al-Azzam, 2016). Hotels need to employ all the necessary strategies possible but at the same consider the effectiveness of each in ensuring that they build their customer relationship is high and effective enough.

CRM in Kenya has been developing with time and in this study, it will be important to try and see how it can be improved in order to develop the strategies even further. According to **Mwangi, (2020)**, the number of repeat guests in Kenyan hotels at the Kenyan coast have been increasing with an average of 85% and the number of new guests improving by 80% between 2012 and 2018. This shows that a good CRM strategy has a longer lasting **impact** on

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customers and thus it also increases the chances of word of mouth marketing and that is why this research is about the impact of customer relationship management on customer loyalty in three and four star hotels in Nairobi.

1.3. Research Objectives

This study seeks to explain how the application of customer relationship management impacts customer loyalty in three and four star hotels in Nairobi City County through achieving the following objectives:

- i) To determine the significance of customer relationship management in ensuring customer loyalty in 3-star and 4-star hotels in Nairobi City County.
- ii) To examine the relationship between customer relationship management and customer retention in 3-star and 4-star hotels in Nairobi City County.
- iii) To propose possible approaches of using customer relationship management in acquiring customers in 3-star and 4-star hotels in Nairobi City County.

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1.4. Research Questions

This study will be guided by the following questions

- i) How important is CRM to 3 and 4 star rated hotels in Nairobi?
- ii) What is the relationship between CRM and retaining customers?
- iii) What are the best strategies of acquiring new customers through CRM?

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1.5. Justification for the study.

This study is meant to benefit the three star and four star hotels in Nairobi city county. They tend to have the bigger share of the customer numbers in the hospitality industry. It is therefore important to understand how to get more of the numbers from the masses and maintain the ones an establishment can own.

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Furthermore, the study will help students who are looking to get more information about CRM and as well as other researchers that want to further the study of CRM in Nairobi hotels.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

It is important to note that the hospitality market is controlled by several forces including environmental forces such as deregulation, increased diversity in the types of products, increased distribution channels and increased market collaborations. This kind of dynamism in the business environment has led to top management identifying and coming up with the best strategies of retaining high level customers. These strategies can be regarded under the category of customer relationship management (Alshourah, Alassaf, & Altawalbeh, 2018).

CRM is majorly concerned with coordinating customer relationships across all points of interaction and business functions. This means that most of the customers are customer centric which comes as a result of getting enough customer knowledge in order to understand the customers better and serve them better (Banga, Kumar, & Goyal, 2013). The main of CRM is getting the best value each individual put on the business and the relationships with its clients. This enables businesses to understand their customer groups and the CRM has the ability to affect the customers' future behaviour (Madhovi & Dhliwayo, 2017).

2.2. The significance of CRM in Hotels

CRM requires good customer knowledge to be delivered at its best. A well understood client will always be easy to serve. Customers that are known and understood are served on an individual basis. Products and services are tailor-made to meet customer requirements. Ongoing interaction between the organisation and its customers leads to mutual understanding to such an extent that the organisation will be able to render services based on individual tastes and preferences (Madhovi, 2014). As opposed to mass marketing, one-to-one marketing creates a bond that is characterised by respect and understanding between the organisation and the customer.

CRM is important in ensuring profits are retained and the business remains at a high when the competition is seriously growing. The existing competition in three and four star rated hotels has been growing every day with the growth that has been going on in the industry. An establishment that focuses on building long relationships with their customers remains afloat financially with the competition (Madhovi, 2014). presents the following arguments as the main reasons why most organisations embark on CRM practices:

- Some companies can boost profits by almost 100% by retaining just 5% more of their customers.

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- It typically costs 5-10 times more to acquire a new customer than to retain an existing one.
- Most companies lose 50% of their customers in five years due to lack of CRM-enabling tools.
- 70% of repeat purchases are made of indifference to the seller, not out of loyalty.

CRM tools contain all the details of a customer, and it is very easy to track a customer accordingly. The details can be used to determine which customers can be more profitable than others (Madhovi, 2014). In CRM systems, customers are grouped according to different aspects in relation to the type of business they do or according to physical location and are allocated to different customer managers, known as account managers. This helps to focus and concentrate on each customer separately.

CRM is an integration of contact management, sales automation, marketing automation, customer service and support, e-commerce, partner and channel management. In most cases, all these are necessitated by a computerised system, which will be a mass investment in form of a fixed asset. It is also not just a software solution, but also a set of skills and competencies that will enable a company to better leverage and profit from every customer relationship (Al-Azzam & Al-Azzam, 2016). When the goal of cheaper, faster, better service is considered, the results far outweigh the challenges. Several big organisations have failed to know what the customer really wants and several others, after knowing, could not really translate these requirements into delivery. At the same time, we are able to see small shopkeepers doing CRM extremely well. Good CRM is all about replicating the same experience with the use of technology (Madhovi, 2014).

2.3. Using CRM to Acquire New Customers.

CRM focuses on identifying a long-lasting relationship with the customers and therefore it is important to understand where to begin. After a relationship has been established, it should be worked on to make the customer. Wolfgang states that a relationship with the customer does not just look at a single transaction but rather to lifetime relationship with the customer. CRM then gets in to identify the needs and wants of the customer and through the consistent delivery of these items; the customer turns out to be loyal (Wolfgang, 2004). At this point,

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some establishments will issue a loyalty card to some customers after they achieve certain parameters put in place by the hotels.

Loyal customers are important in marketing as they will always generally bring more customers with them (Hardjono & San, 2017). It is important for the hotels in Nairobi City County to maintain the standards with the existing customers; this regular experience leaves the customer very satisfied, and they are likely to go share all these experiences with friends and family. Marketing by word of mouth literally means that marketing was spread by word of mouth through referrals.

Chetioui & Abbar, (2017) demonstrated that customer orientation is a crucial factor in the success of CRM projects. Customer orientation is also considered as one of the market beneficial sources to deeply understand the customer, and thus it helps in delivering an appropriate plan to satisfy customer needs. Besides the beneficial influence of customer orientation strategy on marketing-planning capabilities, this strategy also influences the successful implementations of marketing actions and innovations.

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2.4. The Relationship between CRM and Client Retention

The approach suggests that customer information is crucial in administrating, attracting and retaining successful relations with customers across the developmental phases. The argument continues that, when organizations concentrate on their association with customers, some of the customers will be retained and provide value for the firm in terms of generating higher profits. Therefore, organizations can improve their relationships with customers by properly managing customer information. (Kankam, 2019) This helps retain customers because the customer understands that the establishment is able to serve him/her on a personal level and therefore they will not be explaining much to get served.

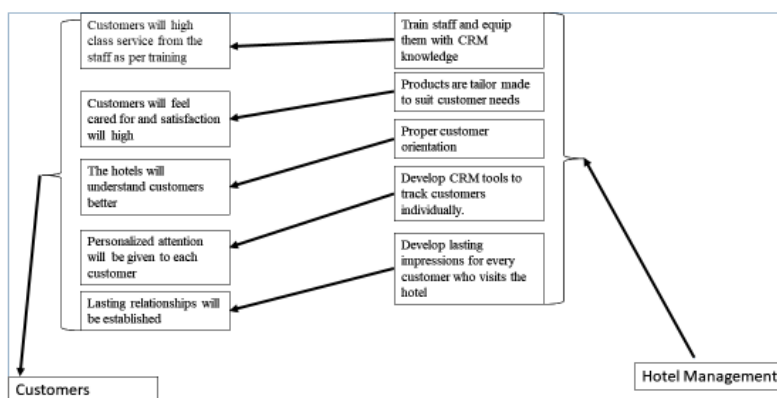
Constant communication and interaction are a major aspect in making sure that the customer's relationship grows. (Hardjono & San, 2017) Continuous communication with the same service provider boosts customer willingness to refer others to their service providers. Based on the above academic literature reviewed, it is suggested that, when quality relationships exist between customers and their service providers, the relationship is sustained mainly by the distribution or sharing of information. Customers then feel close and part of the

company which boosts their morale to provide referrals to their service providers. This happens mainly because customers anticipate future interaction with their service providers. Therefore, the components of customer retention in this study are; relationship quality, information sharing, willingness to provide referrals and anticipation of future interaction. The anticipation of future communication means the customer will always be waiting for new services meaning the business is able to boast of a great number of potential customers (Kankam, 2019).

Customer loyalty is key in getting high customer retention and CRM strategies should be employed at greater lengths in achieving this. The growth in the hotel means the need to maintain customers is high. Beneficial CRM helps in winning the loyalty of the customers and reduces the cost of acquiring new customers (Hardjono & San, 2017). This grows more profitably because the business focuses on converting most of the customers to loyal ones and no need to keep expensive advertisements.

2.5 Independent and Dependent Variables.

Figure 1. 1



The table above shows the main variables in the execution of the CRM strategies to achieve the best. The hotels deserve to get the best ideas out of the independent variable because the

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You must identify and review literature on the concepts that relate to your research objectives – each research objective should be aligned to at least one concept you discuss in LR.

Then you define/create a conceptual framework that will guide your research – you identify the independent as well as dependent variables for your study. This is better presented in a diagram, which you give a brief description.

You conclude your LR with a “Summary of LR” where you sum up what your LR has established as being significant to contribute to your research.

better the strategy, the better the outcome as far as the dependent variables are concerned. Hotel practitioners with a better understanding of the above variables have an edge because they can regulate the approach of each variable. This has a high chance of reflecting back in performance because the more the customers who are coming back to the hotels the more the reflection of CRM doing well in the hotels.

2.6. Summary of the Literature Review.

The literature review has established that with good systems in place to get customer details, the establishments will have the edge of getting the customers that will be easy to manage and take care of. Customers who feel cared for will come again and again. With this approach, the researcher will be able to tailor the problem to realizing whether these hotels are serious with establishing these relationships and whether there are measures in place for such strategies. The researcher will also be able to realise if there are tools in place for this.

Furthermore; the literature review has established that customer loyalty is key in creating great CRM strategies. The researcher has identified that the involvement of top management in the execution of CRM and building of great affection of customers towards the respective establishments. This will enable the researcher to get information about how many customers have been coming back, how regularly they have been coming and for which period. This will help the study with determining if the strategies being practiced are working and what needs to be improved.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter shows the approach going to be used to collect data, the sample population to get the data from, the analysis of the same data and how the data will be interpreted. It includes the research design, target population and the technique to be used to get the sample, the method that will be used to collect data, the analysis and presentation of the findings.

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3.2. Research Design

This study will use the descriptive research design. Descriptive research is a method which is used to describe a population, situation or phenomena. This design seeks to describe the status of an identified variable, which in this case is the impact of CRM on customer loyalty in three and four star rated hotels.

3.3. Target Population and Sampling Technique

The target population needs to be defined based on criteria such as elements, geographical boundaries, and time (Mwangi, 2012). The elements in the present study are classified accommodation facilities in Nairobi City County according to the list of Tourism Regulatory Authority released in December 2020 as presented in Appendix I __. The target population for this study will be three and four star hotels in Nairobi. According to the classification done by the Tourism Regulatory Authority, Nairobi has a total of 19 – four star rated hotels and 16 – three star rated hotels. This gives a total population of 35 hotels in Nairobi for our study.

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This study was universe as all the elements in the population will be included in the research. This is because the total elements in the population are few and will give a good finding if all are included.

3.4. Data Collection Procedures

Al Azzam (2016) describes "a survey as a way of collecting relatively information in-depth which talks about respondent's attitudes and beliefs" (Pg 204). Primary data was gathered for the present research. The gathering of primary data will be attained through using a personal survey approach. This research was cross-sectional in nature where data is gathered once to answer the study's research questions.

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The data was collected by a means of an online questionnaire sent to managers in these hotels. The responses was measured by means of a Likert scale with respondents having to select an option among several. This enabled the classification of the information with ease. Due to confidentiality issues, names of the hotel and the individuals filling the questionnaire will not be captured on the questionnaire. The front office manager, guest relations manager or food and beverage managers were the best to fill the questionnaire as they interact with customers.

This study took advantage of the online questionnaire because of the current situation with Covid-19 where it is safe to do a less physical interview. This also saved time and avoiding unnecessary inconveniences brought by restrictions put in place by different hotels due to the Covid-19 pandemic.

3.5. Data Analysis and Presentation

Data collected in this study was stored in soft copy because data will be collected by online means. The data will be accessible to the researcher alone as the landing point will be password protected. The data was then be analysed in a combined format of the two groups in order to give a better result.

Descriptive statistics will be used to show the findings. The data was presented in percentages and tables to analyse the statistics that would have been collected and relevant descriptions will be given.

3.6 Limitations of the Study

The response was not as expected. Only 62.9% of the total expected responses which was below the expectation. Maybe time given to the hotels was not long enough for the to schedule time and fill the questionnaire.

The use of online questionnaire was limitation too because the population that filled the questionnaire cannot be defined. The researcher assumed it was filled by a manager in the guest contact areas like food and beverage manager, guest relations manager or a front office manager. Furthermore, the respondents of an online can be very biased.

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CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION.

4.1. Introduction

The chapter shows the analysis of data collected from three and four star hotels in Nairobi collected in response to explaining the impact of customer relationship management on customer loyalty in three and four star hotels in Nairobi. Descriptive statistics will be used to describe the findings.

4.2. Response Rate

According to Mwangi, (2020) response rate can explained as the number of completed questionnaires divided by the total number of questions send to respondents. A total of 35 questionnaires were and 22 responded which converts to 62.9 %.

4.3. Descriptive Statistics on Hotel Classification, Affiliation, Number of Staff and Bed Capacity

Table 4. 1

| Classification | Frequency | Percentage |
|----------------|-----------|------------|
| 3 Star | 14 | 63.6 |
| 4 Star | 8 | 36.4 |
| Total | 22 | 100 |

Table 4.1 shows that four star had a 63.6% of the total responses. They were the most reliable for the study.

The affiliation also had an influence on the results collected. The assumption was that independent hotels would have a different approach to CRM as compared to chains. Chains would have their model from their parent hotels which gives them direction on what to do as far as CRM is concerned.

Table 4. 2

| Affiliation | Frequency | Percentage |
|---------------------|-----------|------------|
| Independent hotels | 7 | 31.8 |
| Local Chains | 4 | 18.2 |
| International Chain | 11 | 50 |
| Total | 22 | 100 |

The international accounted for 50% of the responses while local chains only gave 18.2 %. The independent responded with 31.8% meaning there is an effort in the independent hotels as far as CRM is concerned.

Room capacity was a factor too in determining the effort of CRM as well. The assumption was that the higher the number of rooms, the bigger the hotel and therefore the higher the efforts to achieve CRM.

Table 4. 3

| Number of Rooms | Frequency | Percentage |
|-----------------|-----------|------------|
| Less than 100 | 3 | 13.6 |
| 101 – 200 | 7 | 31.8 |
| 201 – 300 | 5 | 22.7 |
| Above 300 | 7 | 31.8 |
| Total | 22 | 100 |

The frequency was equal for hotels with rooms and the ones between 101 and 200. The hotels with 201 and 300 had the second highest frequency with 22.7 % as shown in table 4.3.

4.4. Importance of CRM

This study aimed at finding out the importance of customer relationship management to three and four star hotels in Nairobi in line with the customer centric approach.

Table 4. 4

| | <i>N</i> | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
|---|----------|----------|----------|----------|----------|----------|
| <i>Our hotel selects products based on customer preference and customer individual taste.</i> | 22 | 0 | 1 | 8 | 9 | 4 |
| <i>Our hotel builds long term relationships with current customers.</i> | 20 | 1 | 0 | 7 | 11 | 1 |
| <i>Our hotel has enough tools to get information about customers.</i> | 14 | 0 | 0 | 10 | 4 | 0 |
| <i>Our hotel has invested in a good software that helps manage relationships and track profits resulting from the same.</i> | 22 | 6 | 0 | 9 | 2 | 4 |
| <i>The hotel takes CRM to be an important aspect of our operations.</i> | 22 | 4 | 3 | 10 | 5 | 0 |

1 – Strongly Disagree 2- Somewhat Disagree 3 – Not Sure 4 – Somewhat Agree 5 – Strongly Agree

Hotel product development based on customer preference and taste showed 8 hotels are not sure if the products are made for tastes of individual customers. However, majority indicated they somewhat agree and that is a good indicator. 4 of the hotels showed that their products align to customer preference.

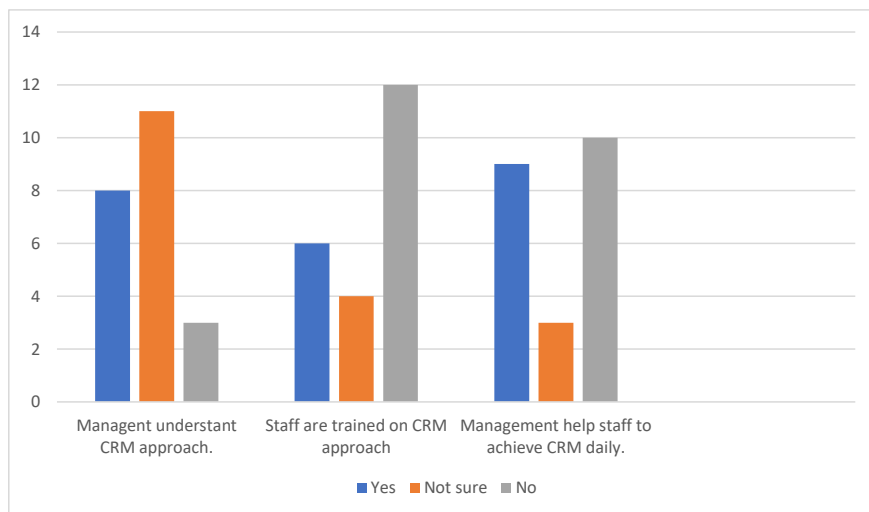
The most worrying information was about the tools used to get customer information which very low response and as well the larger number indicating they are not sure their hotels practice that.

Profitability which was a main part of this study showed the hotels are also not aware if it is being monitored but at least 4 hotels showed that they track profitability information from customers.

45% which was the highest tally of the respondents concerning the question on how each respondent assumes CRM to be to their establishment told us they were not sure. Only 22% somewhat agreed that the hotels take CRM as an important part of their operations.

The managements' involvement in CRM approach was also evaluated.

Figure 1. 2



It was observed that the management does not support staff in achieving CRM and as well training them on what is required. This was shown by having more than 50% of the total response entries.

The study also checked the how the hotels perceive the importance of CRM on their establishments.

4.5. Customer Retention and Relationship Building

This is what this whole study was all about. The data here was to give the direction to pick after the study for the hotels.

Table 4. 5

| | N | 1 | 2 | 3 | 4 | 5 |
|---|----|---|---|----|----|---|
| Our hotel serves customers based on the customer needs. | 22 | 1 | 4 | 5 | 8 | 4 |
| Our hotel classifies customers in different groups like age, physical location and level of income. | 20 | 0 | 9 | 7 | 4 | 1 |
| Our hotel assigns account managers to each category to be in charge of customer relationship management. | 22 | 0 | 0 | 16 | 4 | 2 |
| Our hotel has laid down strategies to build long lasting relationships with the customers. | 22 | 0 | 2 | 9 | 5 | 6 |
| Our hotels collect enough information from new customers and uses this information to reward customers who encourage others to come to our hotel. | 22 | 0 | 5 | 4 | 11 | 2 |
| Our hotel regularly checks the records to evaluate the effectiveness of customer relationship management strategies employed. | 22 | 1 | 2 | 7 | 8 | 4 |
| Our hotel has secure channels of communication for regular interaction with customers. | 21 | 0 | 0 | 4 | 8 | 9 |

1 – Strongly Disagree 2- Somewhat Disagree 3 – Not Sure 4 – Somewhat Agree 5 – Strongly Agree

Table 4.5 shows the models the research used as a means of gaining long lasting relationships with the customers by the hotels in the study. From the responses received, only 8 hotels somewhat agree that customers are served per their needs and 4 of them strongly agree. The customer classification has not been embraced well as a strategy with 7 hotels not sure if their hotels do that and 9 of the hotels somewhat disagreeing.

The hotels are not putting efforts in assigning managerial roles of getting with 16 of them not being sure if managers are assigned. The data however shows that laying down strategies and having information on customers whom they have established relationship with is more than 50% of the responses received.

Regarding constants checks on the number of customers who encourage others to customise their establishments, 50% somewhat agreed. This is through talking to new customers and having a survey where the hotels learn about how these new customers knew about them. In general, only 40% are not sure and somewhat disagree as shown in table 4.5.

Having CRM strategies and approaches is good but at some point, it is important to evaluate the effectiveness of the processes used. Respondents were asked if they check the procedures to see the effectiveness and 54.5% showed that they do check. 31.8% are not sure meaning they there is a possibility of having the checks or not having them.

Out of the 21 responses received for communication with customers, 77.3% of the respondents confirmed they somewhat agree and strongly agree to the fact their hotels have secure communication channels with their customers. This may include secure mail lists where one email is sent to several customers but the customer receives it as an individual and does not see the other recipients of the same email.

CHAPTER FIVE – DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction and Overview

This section discusses the findings and conclusions based on the goals that were identified in chapter one. It will consist of the findings from the study, recommendations and findings.

5.2 Significance of CRM in Three and Four Stars in Nairobi City County

the study aimed at first finding out what has been laid down by the establishments in creating the CRM approaches identified as key drivers in achieving CRM. From the data collected, these hotels have a potential of using CRM to their advantage and gaining a competitive edge. 50% of the responses showed their establishments are trying to establish long lasting relationships with new customers. From this point, it is expected that if the new customer will get the right reception the first time, the hotel has a good opportunity to understand the preference of each customer. The data collected proved that 59% of the hotels are able establish the preferences and focus on meeting them. Understanding each customer is key, that is why having a good technological base to store this information is a plus. However, the data showed that 68.2% have not either put in the technological input in achieving this. The technological software would help in defining the profitability of this customers that the hotels are establishing relationships with.

The study also showed that top level management of the hotels are not really teaming up with the staff in giving them direction as far as getting the CRM approaches to the staff are concerned. An average of 49.9% of the managers do train the staff and neither do they help in day to day activities for the staff to get the CRM ideas and approaches and practice them. It is therefore right to assume that CRM has not be successful because of their negligence because they have an idea of what CRM is all about as indicated by 50% of the responses.

5.3 Customer Retention and Relationship Building

The study mainly focused on these two goals as it was assumed that if an establishment managed to achieve these, it would be able to execute CRM better. The study indicated that 54.5% of the responses serve customers based on their needs. This is as a result of an existing relationship the hotel and the customers. However, the hotels have failed to classify their customers into segments or to serve them better as indicated by a 72.7% of the responses. This may as a result of the models to be used to classify these customers.

68.2% of the responses indicate that the hotels are rewarding the customers that bring the customers who bring new customers. This is a model which can really build very strong relationships with customers, but it has to have a very mindful approach and a criterion defined so that it does not become a problem instead of a disadvantage.

The other factor in this study was communication. This achieved by evaluating strategies used first. An example would be running a promo for loyal customers. This and other marketing messages need to get to customers through a secure means and that does not expose the customers to the risk of falling to fraudsters. The hotels that responded to the questionnaire have approached this well with an average percentage of 65.9% for both aspects of communication and ensuring the models used are workable.

5.4 Conclusion

This study was meant to identify the impacts of CRM on customer loyalty in three and four star hotels in Nairobi city. The findings indicate that CRM can be a major tool if the findings discussed in the previous section can be put into practice by the hotels. The managers need to take it as a daily task to ensure CRM is practiced in the core service areas of these hotels.

The hotels should also invest in technological software that can securely store customer information for future. Customers will feel great when they realise you already understand what they want. The information should be securely stored in order to for customer privacy to exist. This can also help them in classifying customers in order to serve them with ease.

5.5. Areas or Further Research

From this study, future research can be done to help the hotels come with the best way of addressing the idea of rewarding clients who market the services to their friends and family and the best approach.

Research can also be done on how the amenities in the hotel relate with CRM. Furthermore, CRM as a marketing tool can be studied.

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Commented [33]: I generated this from your document. It is far from adequate for a research proposal. You need to do more than this!

It is also possible that you have not added all your sources in the citation section in the document. Format the list of references in the correct font – should be the same as the whole document.

APPENDICES

Appendix 1: List of Classified Three and Four-Star Hotels in Nairobi City County

| CLASSIFIED ESTABLISHMENTS REGISTER | | | | | |
|------------------------------------|---|----------|-------------|------------|--------|
| | Establishment | County | No of Rooms | No of Beds | Rating |
| 1. | Hilton Nairobi Limited | Nairobi | 287 | 334 | **** |
| 2. | Crowne Plaza | Nairobi | 206 | 254 | **** |
| 3. | Hilton Garden Inn Nairobi Airport | Nairobi | 175 | 226 | **** |
| 4. | City Lodge Hotel At Two Rivers | Nairobi | 171 | 200 | **** |
| 5. | Southern Sun Mayfair Nairobi | Nairobi | 171 | 212 | **** |
| 6. | Eka Hotel | Nairobi | 167 | 220 | **** |
| 7. | Sarova Panafric Hotel | Nairobi | 162 | 324 | **** |
| 8. | Silver Springs Hotel | Nairobi | 160 | 180 | **** |
| 9. | Nairobi Safari Club | Nairobi | 146 | 186 | **** |
| 10. | The Panari Hotel, Nairobi | Nairobi | 136 | 272 | **** |
| 11. | Ole Sereni Hotel | Nairobi | 134 | 206 | **** |
| 12. | Windsor Golf Hotel and Country Club | Nairobi | 130 | 205 | **** |
| 13. | Fairview Hotel | Nairobi | 127 | 133 | **** |
| 14. | Weston Hotel | Nairobi | 120 | 154 | **** |
| 15. | Golden Tulip Westlands | Nairobi | 94 | 188 | **** |
| 16. | Gelian Hotel | Machakos | 90 | 136 | **** |
| 17. | Pride Inn Lantana Apartments and Suites | Nairobi | 55 | 110 | **** |
| 18. | Executive Residency - Best Western. | Nairobi | 48 | 106 | **** |
| 19. | House of Waine | Nairobi | 11 | 20 | **** |
| 20. | Ibis Styles Nairobi Westlands | Nairobi | 277 | 331 | *** |
| 21. | Maanzoni Lodge | Machakos | 272 | 421 | *** |
| 22. | Azure Hotel | Nairobi | 165 | 231 | *** |
| 23. | Best Western Plus Meridian Hotel | Nairobi | 128 | 166 | *** |
| 24. | Ngong Hills Hotel | Nairobi | 110 | 165 | *** |
| 25. | The Heron Portico | Nairobi | 109 | 218 | *** |
| 26. | Pride Inn Raptha Nairobi, | Nairobi | 100 | 200 | *** |

Commented [34]: Your study's target population is 3 and 4-star hotels in Nairobi City County. Consider these questions:
 1. Why do you have 5-star and 2-star establishments in this list?
 2. Why do you have establishments located in Machakos and Kajado counties?
 3. Use Single line spacing in the table to maximise on space usage. The table should fit on one page.

| | | | | | |
|-----|---------------------------|---------|----|-----|-----|
| 27. | Sportsview Hotel Kasarani | Nairobi | 94 | 188 | *** |
| 28. | Kenya Comfort Suits | Nairobi | 88 | 120 | *** |
| 29. | La Masion Royale | Nairobi | 71 | 144 | *** |
| 30. | The Clarion Hotel | Nairobi | 62 | 67 | *** |
| 31. | Kibo Safaris Camp | Kajiado | 60 | 120 | *** |
| 32. | Boma Inn Nairobi | Nairobi | 59 | 83 | *** |
| 33. | Utalii Hotel | Nairobi | 57 | 114 | *** |
| 34. | Marble Arch Hotel | Nairobi | 41 | 57 | *** |
| 35 | Fahari Gardens Hotel | Nairobi | 32 | 64 | *** |

Tourism Regulatory Authority Hotel Classification 2020

Appendix 2 Letter of Introduction

Bonface Mmuka Mufwolobo

School of Tourism and Hospitality

Strathmore University

P.O BOX 59857-00200

Nairobi

13th August 2021

The Human Resource Manager

Name of Organization

Nairobi

Dear Sir /Madam,

RE: RESEARCH QUESTIONNAIRE ON THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER LOYALTY IN THREE AND FOUR STAR HOTELS IN NAIROBI CITY COUNTY

I am Bonface Mmuka Mufwolobo, a 4th year Bachelor of Hospitality management student at Strathmore University. As school policy, it is mandatory for all 4th year students to undertake a research project, which is a requirement for graduation. Therefore, I am undertaking a research on “The Impact of Customer Relationship Management on Customer Loyalty in Three and Four Star Hotels in Nairobi City County”.


I have selected your organization as a stakeholder in the tourism industry to contribute to data collection for my research project. I would highly appreciate your kind assistance in providing me with the relevant information by responding to the questions in the attached questionnaire. The information shared provided will be treated with the level of confidentiality that it deserves and will only be used for academic purposes that have been initiated by Strathmore University.

Your time and information will be highly appreciated.

Thank you.

Yours sincerely,

Signature



Bonface Mmuka Mufwolobo,

099948

Appendix 3: Research Questionnaire

CUSTOMER RELATIONSHIP MANAGEMENT IN THREE AND FOUR STAR HOTELS IN NAIROBI.

Hotel classification – Kindly tick one option

3 Stars 4 Stars

Affiliation/Management of the hotel – Please tick one option

Independent Part of International Chain Local Chain

Number of rooms – Please tick one option

Less than 100 101 – 200 201 – 300 Above 300

Number of employees – Please tick one option.

Less than 50 51 – 100 101 – 200 201 – 300 Above 300

Kindly indicate by ticking one appropriate option the extent to which you are agree or disagree with the following statements using the scale below.

1 – Strongly Disagree 2- Somewhat Disagree 3 – Not Sure 4 – Somewhat Agree 5 – Strongly Agree

| | | 1 | 2 | 3 | 4 | 5 |
|-------|--|---|---|---|---|---|
| (i) | Our hotel selects products based on customer preference and customer individual taste. | | | | | |
| (ii) | Our hotel builds long term relationships with current customers. | | | | | |
| (iii) | Our hotel has enough tools to get information about customers. | | | | | |
| (iv) | Our hotel has invested in a good software that helps manage relationships and track profits resulting from the same. | | | | | |

The top management of our hotel understand the customer relationship management concept

| Yes | Not sure | No |
|-----|----------|----|
| | | |

All staff are trained on the importance of customer relationship management?

Yes

No

The staff are helped in practicing the necessary customer relationship management concept in their daily tasks.

Yes

No

Kindly indicate by ticking one appropriate option the extent to which you are agree or disagree with the following statements using the scale below.

1 – Strongly Disagree 2- Somewhat Disagree 3 – Not Sure 4 – Somewhat Agree 5 – Strongly Agree

| | | 1 | 2 | 3 | 4 | 5 |
|-------|--|---|---|---|---|---|
| (i) | Our hotel serves customers based on the customer needs. | | | | | |
| (ii) | Our hotel classifies customers in different groups like age, physical location and level of income. | | | | | |
| (iii) | Our hotel assigns account managers to each category to be in charge of customer relationship management. | | | | | |
| (iv) | The hotel takes CRM to be an important aspect of our operations. | | | | | |

Kindly indicate by ticking one appropriate option the extent to which you are agree or disagree with the following statements using the scale below.

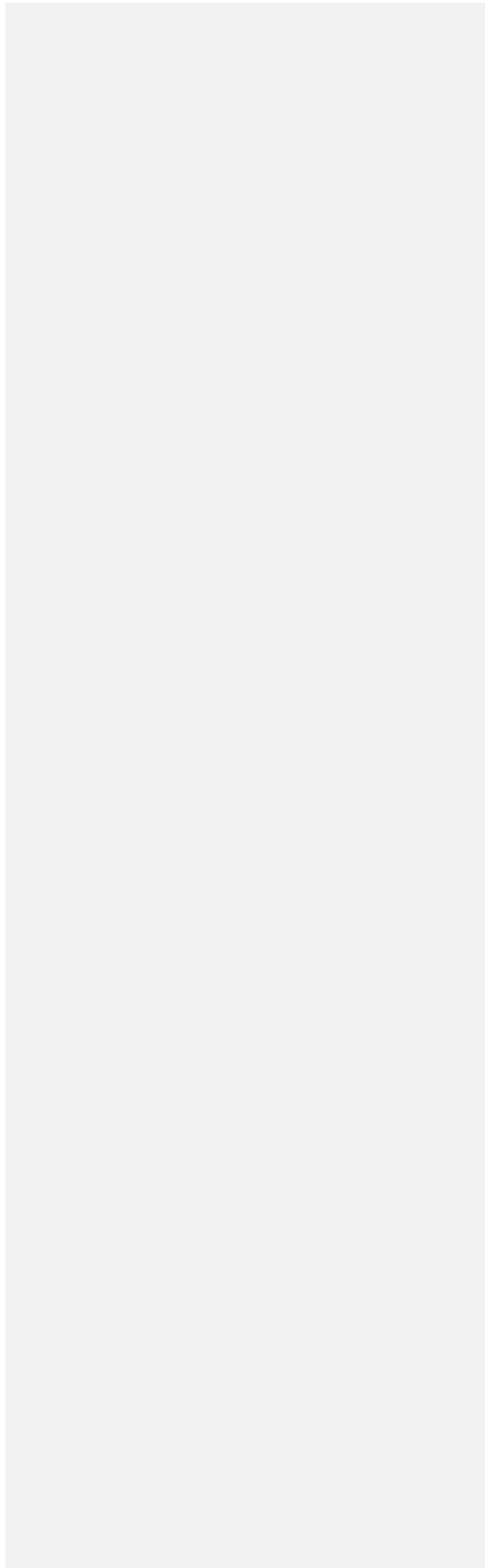
1 – Strongly Disagree 2- Somewhat Disagree 3 – Not Sure 4 – Somewhat Agree 5 – Strongly Agree

| | | 1 | 2 | 3 | 4 | 5 |
|------|---|---|---|---|---|---|
| i) | Our hotel has laid down strategies to build long lasting relationships with the customers. | | | | | |
| ii) | Our hotels collect enough information from new customers and uses this information to reward customers who encourage others to come to our hotel. | | | | | |
| iii) | Our hotel regularly checks the records to evaluate the effectiveness of customer relationship management strategies employed. | | | | | |
| iv) | Our hotel has secure channels of communication for regular interaction with customers. | | | | | |

Kindly share any other strategies used by your hotel to improve customer relationship management.

Thank You

Appendix 4: Turn-It-In Report



Appendix 5: Time Plan

| Month | September | October | November | December | January | February | March | April | May | June | July | August |
|------------------------------------|------------------|----------------|-----------------|-----------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|
| Activity | | | | | | | | | | | | |
| Building of the proposal | | | | | | | | | | | | |
| Submission of the proposal | | | | | | | | | | | | |
| Data collection | | | | | | | | | | | | |
| Data analysis | | | | | | | | | | | | |
| Submission of final report project | | | | | | | | | | | | |

Appendix 6: Project Supervision Progress Sheet



SCHOOL OF TOURISM AND
BACHELOR OF SCIENCE IN
MANAGEMENT

Strathmore
UNIVERSITY

HOSPITALITY
TOURISM/HOSPITALITY

BTH 4203: RESEARCH PROJECT SUPERVISION PROGRESS SHEET

Student Name: MUFWOLOBO BONFACE

Reg. No.: 099948

Page No. 1









| # | DATE | DISCUSSION/OUTPUT | SIGNATURE | |
|---|----------|--|------------|---------|
| | | | Supervisor | Student |
| 1 | 10/06/20 | 1. The general project writing guidelines. 2. Importance of sharing every step in the write up with the supervisor to enable any corrections done very early. | | |
| 2 | 06/07/20 | Feedback on background information. It is important to write as if it is the final document. | | |
| 3 | 29/03/21 | Feedback up to chapter 3 and guidelines on the final project. Change most of the statements to be converted to past tense because the studies were done already. | | |
| 4 | 25/05/21 | Further improvements that needs to be done to all the information up to chapter 3. Guidance to making the corrections highlighted in the project | | |
| 5 | 14/06/21 | Extra material that need to be added to the proposal and the need to add more literature to the document. | | |

BTH 4203: RESEARCH PROJECT SUPERVISION PROGRESS SHEET

Student Name: MUFWOLOBO BONFACE

Reg. No.: 099948

Page No. 2

| # | DATE | DISCUSSION/OUTPUT | SIGNATURE | |
|---|----------|--|---|--|
| | | | Supervisor | Student |
| 1 | 23/07/21 | Reminders on the comments in chapter 3 and the need to have them corrected fast. |  |  |
| 2 | 9/08/21 | Feedback on the sampling technique to be used. Feedback on the research questions. The need to have the questionnaire soner. |  |  |
| 3 | 11/08/21 | Feedback on the final editing that needs to be done to the document before defending. |  |  |
| 4 | 18/08/21 | Feedback on the required document. Guidance on writing the final report. The need to change chapter 3 to past from future tense. |  |  |
| 5 | | | | |