CUSTOMER CARE PRACTICES INFLUENCING CUSTOMER LOYALTY IN SEVENTH-DAY ADVENTIST CHURCH'S GUEST HOUSES IN KENYA

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APPROVAL SHEET

This thesis entitled Customer Care Practices Influencing Customer Loyalty in Seventh-day Adventist Church's Guest Houses in Kenya, written and submitted by Elkanah Ombiro Mogaka, in partial fulfillment of the requirements for the degree of Master of Business Administration (Marketing and Management) is hereby accepted and approved

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ABSTRACT

Customer loyalty is viewed by this study as an ingredient that would yield repeat business in the hotel sector. This study had an assumption that the low guest count experienced by the 3 Seventh-day Adventist Guest Houses in 2017 room occupancy statistics was as a result of inadequate customer loyalty. To address this, the study sought to evaluate customer care practices in form of service quality, customer satisfaction, customer relationship management and innovation as influencers of customer loyalty. To accomplish this, the study collected opinion from 3 main Guest Houses in Kenya owned by the Seventh-day Adventist Church namely: Adventist LMS Guest House in Nairobi; Watamu Adventist Beach Resort in Kilifi and Eldoret Adventist Guest House in Uasin Gishu County. A sample size of 197 was obtained from a target population of 224 clients synonymous to weekly room occupancy. Further, data from 15 middle level management (5 from each facility) was also collected to enrich the study. The study adopted descriptive, correlation and regression as research designs to carry out the survey. The questionnaire was the primary instrument of data collection. It was clear from the findings that the extent of customer loyalty was above average in the 3 Guest Houses. The study found out that service quality was the most influential independent variable. The study concluded that there was a significant relationship between the dependent and independent variables. All the variables had a p-value of less than 0.05. Aggressive marketing, staff training, responsive management, sufficient funding to meet guests' needs and wants were proposed as possible suggestions to boost customer loyalty prospects.

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DEDICATION

I dedicate this thesis work to my wife Esther, and three children; Felix,
Rachael and Howard. They kept me company as I burnt midnight oil to prepare the
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LIST OF ABBREVIATIONS AND ACRONYMS

EDP Expectancy-Disconfirmation Paradigm

CCP Customer Care Practices

SDA Seventh-day Adventist

CRM Customer Relations Management

CST Customer Service Theory

GoK Government of Kenya

CS Customer Satisfaction

CL Customer Loyalty

CCT Customer Care Theory

SERVQUAL Service Quality

RSQS Retail Service Quality Scale

TLC Think Like Customer

CHAPTER ONE

INTRODUCTION

Background of the Study

Customer care practices (CCP) are customer-oriented service response based on individualized relationships with customers with an aim of improving client satisfaction. According to Michel and Kamakura (1999), CCP are correlated to acquisition of new clients, retention, loyalty and profitability. The success in achieving customers' loyalty begins with the needs' assessment survey (Kassim & Abdullah, 2010), and gauging the level of client satisfaction – an exercise that continues throughout the entire lifetime of the customer relationship (Kandampully & Suhartanto, 2000). It is therefore a concern for every business organization to entice, retain current customers and attract new ones. In due process, loyalty develops over time as buyers commit to rebuy or re-patronize consistently from same seller despite of other competing sellers.

The hotel industry is one of the fastest growing sector globally. Its significant contribution is seen to be on an upward trend, as evidenced even here in Kenya where international hotel chains are thriving in hotel and catering businesses. The industry targets the huge travel and tourism markets by offering desirable products and services to travelers worldwide. As Kenya works towards an industrialized economy by 2030, researchers foresee the sector as one of the service outlets that will contribute greatly to industrialization process (Schulz, 2012). Successful hotel businesses view appropriate customer care practices as a key marketing strategy in surviving the ever-competitive industry. In reference to secondary data collected

from SDA Church Guest Houses and presented in Table 1, the three (3) main facility performed below average in 2017 room occupancy statistics given.

Table 1

SDA Church's Guest Houses' 2017 Performance Index

No.	Guest House's Name	Annual Room Occupancy	Annual Bed Count	Percentage Performance
1	Adventist LMS G/House	8,788	20,075	43%
2	Eldoret Adventist G/House	1,040	17,520	5.9%
3	Watamu Adventist Resort	1,820	19,345	9.4%

Source: SDA Church Guest Houses (2018)

Table 1 above presents a gap between bed capacity of each of the facility and the actual patronage (guests' count) experienced last year. The study attributed the performance inequality observed to inadequate customer loyalty strategies.

Kohlmayr (2012) attest that to inspire long-term loyalty among guests, hoteliers must not only seek to acquire new clients but also work hard towards the maintenance of the existing ones through appropriate customer care practices.

High quality services and improved customer care practices are widely recognized as fundamental factors boosting the performance of companies in the hotel and tourism industry (Dominici, 2010). In their contributions Onyango, Odhuno, Kambona, and Othuon (2012) found out that the hotel outlets that have elaborate customer care practices experience enormous growth in their business volume. That withstanding, some small establishments face financial challenges to implement to the letter desired customer care practices. In response to this, some hotels merge or enter partnership deals to secure their continuous growth and market share by consolidating resources. According to Yun (2000), international hotel companies are increasingly entering into strategic alliances and tie-up relationships with other companies including, but not limited to, airline companies and travel companies in the form of

short-term opportunistic relationships, medium-term tactical relationships, or long-term strategic relationships.

The Centre for Study on Social Policy (2007), found out that lack of customer oriented culture poses a big challenge to attaining customer satisfaction. With an intensely competitive industry vying for a market share, customers are in a position to demand good value for their money. According to Schultz (2012), for a hotel to lead in customer loyalty, it should offer superior quality service as compared to its competitors. Service quality advocates understand the little things that matter and if unattended will lead to more complex challenges that may negatively affect service delivery. Michael (2013), in his work asserts that a good percentage of global clients patronizing hotel facilities, are knowledgeable and therefore anything short of their expectation may cause them to shift their patronage elsewhere. It is therefore important for hotel operators to constantly reach out to their clients through customized communication channels to win their loyalty and as a result yield customer loyalty.

Customer care practices (CCP) on service quality advocates for; essential quality services, dependability and reliability of the product or service. Either or both must be of good standards to satisfy guests' needs, values, demands and expectation of the consumers (Naeem & Saif, 2009). According to Hult (2001), service quality, perceived value and customer satisfaction's aspects are closely related to customer loyalty. CCP represent the vital interface between the customer and a business in allowing mutual interaction between them to obtain desired outcome (Barnes, 2005). Customer loyalty goes beyond satisfying the present expectations of the customers, instead, it is helpful in anticipating their future expectations in order to win their loyalty and have them promote the company's brand wherever they go. It is

therefore imperative for hotel and tourism sectors to explore relevant customeroriented care practices to succeed in netting both local and global clientele.

The study holds the view that non-performing hotel and catering facilities do not use adequate customer care practices to boost customer loyalty. Seventh-day Adventist Church's Guesthouses in Kenya are not safe as demonstrated in the performance index table (Table 1) presented earlier on. Han, Kwortnik and Wang (2008) posit that the simplest way to develop a business is to maintain and keep the customers. Business development and expansion is determined by how best an organization can keep and retain current customers (Gee, Coates & Nicholson, 2008). The low guest count Seventh-day Adventist Church's Guesthouses are faced with is a concern for a Church out to mobilize funds for evangelism than resuscitate her non-performing institutions. This study sought to explore customer care practices the church's hotel outlets can consider to inspire customer loyalty among clients. The objective was achieved by evaluating service quality; customer satisfaction; customer relationship management and innovation's influence customer loyalty of Seventh- day Adventist Church's Guesthouses in Kenya.

Statement of the Problem

The choice for this study was informed by low guest count concerns as presented in Table 1. The report showed how the Seventh-day Adventist Church's Guest Houses in Kenya performed in terms of guests who frequented the facilities in the year 2017. The data showed the individual capacity of each of the three (3) main Guesthouses against the number of guests each of them attracted. From the records, it was clear the institutions were performing far below average. Unless a solution is sought, the under performance of the facilities would frustrate financial sustainability efforts advanced by the Church leadership. Therefore, the study

sought to establish the underlying performance impediments. Inadequate customer loyalty strategy was identified by this study as a potential hindrance to business performance. The study therefore sought to assess customer care practices influencing customer loyalty in Seventh-day Adventist Church's Guest Houses in Kenya.

Research Questions

- **1.** What is the extent of customer loyalty in Seventh-day Adventist Church's Guest Houses in Kenya?
- 2. What is the rating of customers on service quality, customer satisfaction, customer relationship management, and innovation of Seventh-day Adventist Church's Guest Houses in Kenya?
- 3. Is there a significant relationship between customer loyalty and the following variables: service quality, customer satisfaction, customer relationship management, and innovation in Seventh-day Adventist Church's Guest Houses in Kenya?
- **4.** Which of the following variables service quality, customer satisfaction, customer relationship management, and innovation, best influence customer loyalty?
- **5.** What are some of the suggestions that can improve customer loyalty in Seventh-day Adventist Church's Guest Houses in Kenya?

Hypothesis

This study tested the null hypothesis: "There is no significant relationship between customer loyalty and the following variables; service quality, customer satisfaction, customer relationship management and innovation in Seventh-day Adventist Church's Guest Houses in Kenya."

Significance of the Study

The Seventh-day Adventist Church Guest Houses are faith based hotel facilities managed by the Seventh-day Church. The Church also runs medical facilities, Schools, Colleges and Universities with a business model. These institutions are an elaborate strategy by the Church to preach the love God through people's needs. The Church leadership would wish each of her institution to be self-reliant financially. Thus the management in these facilities are tasked with the responsibility to captivate financial sustainability strategies.

While most of these institutions especially the Guest Houses have been in operation for years, they are still faced with financial sustainability huddles. The manifestation of this can explain the huge number of members of staff whose employment terms are yet to be regularized. Customer loyalty as viewed by this study would yield repeat business and profitability to improve staff welfare and address customer needs. According to Ahmed and Buttle (2001), disloyal employees are probably not the best in supporting customer loyalty efforts.

The findings of this study discuss the influencers of customer loyalty. The study also suggests customer based strategies that would improve customer loyalty prospects of Seventh-day Adventist Church Guest Houses. Therefore, the successful conclusions and findings of this study will compliment what other scholars have already studied and more importantly explore customer care practices likely to influence customer loyalty. Further, the findings of this study will be useful to the management of the Guest Houses as well as the Church leadership who offer oversight role to the institutions.

Justification of the Study

There is need for customer service providers to be informed of viable

customer care practices this study considered as determinants of customer loyalty in hotel and catering business. The findings of this study will add to the body of knowledge the customer care practices that are likely to yield customer loyalty – a recipe for repeat business. As Lee (2006) confirms, it is only a fraction of business organizations that are wary of the importance of investing in strategies that would retain customers and build loyalty with them. The author states that few companies really devote enough amount of energy teaching employees techniques to retain customers. Ironically, it costs far much more in marketing costs to source for new customers than it is to retain existing ones (Lee, 2006).

The findings of this study will add another dimension of customer loyalty in the context of faith based hotel outlets for the sake of generalization of opinion on the subject matter. Further, this study was aimed at filling the knowledge gap between the ideal situation of optimal performance and underperformance as experienced in the Seventh-day Adventist Church Guest Houses. The study's findings addressed some of the challenges faced in the institutions and even offered recommendations on customer loyalty strategies likely to yield profitability of the facilities. The findings of this study further will inspire other future researchers to explore other gaps not covered by this study.

Theoretical Framework

The researcher hinged this study on Customer Care Theory (CCT) based on Expectancy-Disconfirmation Paradigm (EDP) as proposed by Olive (1977; 1980). The model implies that consumers purchase goods and services with pre-purchase expectations about the anticipated performance. The expectation level then becomes a standard against which the product is judged. If the outcome matches the expectation, confirmation occurs. Disconfirmation occurs where there is a

difference between expectations and outcomes. Thus, when service performance is better than what the customer had initially expected, there is a positive disconfirmation between expectations and performance which results in satisfaction. Similarly, when service performance is as expected, there is a confirmation between expectations and perceptions which results in satisfaction. In contrast, when service performance is not as good as what the customer expected, there is a negative disconfirmation between expectations and perceptions which causes dissatisfaction.

According to Anderson (2000), Customer service theory (CST) is solely about customer loyalty through satisfaction strategies. Usually, a customer has expectations concerning particular goods or services that he/she hopes to experience. The more buyer's expectations are fulfilled, the more they are satisfied and desire to come back. Clients are more attached to firms they fully trust to deliver on their needs, a process that may take long to create. Therefore, when trust is build, long term relation is assured. Magson (2008), on his part argues that; customer satisfaction leads to loyalty and favorable customer talks about the service company since its products meet their expectation. This helps to maintain the customer's increased probability of repurchasing, marketing or advocating of the purchased item to their associates/ acquaintances, who then are drifted from thinking about rival brands and further become loyal customers (Baumeister, 2002). The researcher thus found customer service theory pivotal in understanding the phenomenon under investigation. This study presents service quality, customer satisfaction, customer relationship management and innovation as potential conditions likely to affect customer loyalty of Seventh-day Adventist Church's Guesthouses in Kenya.

Conceptual Framework

In this study, customer loyalty was the dependent variable. On the other hand, the researcher operationalized service quality, customer satisfaction, customer relationship management and innovation as independent variables supposed to influence changes on the dependent variable (customer loyalty) as illustrated in Figure 1.

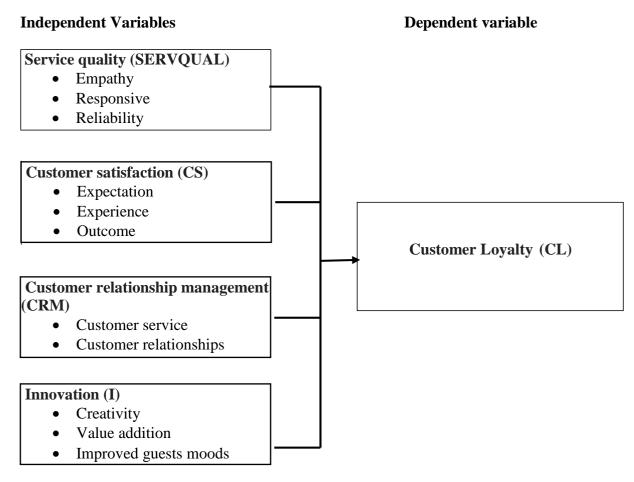


Figure 1. Conceptual Framework

Source: Researcher (2018)

Customer loyalty as a dependent variable, is the process of buying products and services within certain time span in a repetitive nature from one preferred seller – a situation that yields to increased profitability of the favored seller. According to Edward and Sahadev (2011), firms are advised to increase customer loyalty levels

to enjoy repeat business (Edward & Sahadev, 2011).

Service quality (independent variable) as illustrated in Figure 1 exerts some level of influence on customer loyalty. Customers usually evaluate their service experience against expectations whenever they seek services a hotel. If their service experience does not match their expectation, the guests are likely to shift their allegiance to the neighboring competitor offering similar products/services.

According to Honts and Hanson (2011), satisfied customers always make repeat purchases by buying again and again from the same firm when the level service quality experience meets their expectations.

Customer satisfaction also as one of the independent variable has a direct link to customer loyalty. A customer who feels satisfied with the services provided is likely to reciprocate by frequenting the facility over and over (Rosenberg & Czepiel, 2017). Meanwhile customer relationship management (CRM) focuses on managing customer experience by understanding their needs and purchasing behavior. CRM strategy advocates for a customer oriented approach that enables an organization to captivate loyalty among customers through management of customer/establishment relationships (Baran & Galka (2013).

Innovation as one of the independent variables as well is becoming intricately linked to customer loyalty as argued by Furseth and Cuthbertson (2016). Innovation in the hospitality industry depends on the creation of intangible assets, which means providing the consumer with a benefit worth paying for. In this regard, the intangible assets may be good mood, spiritual or cultural development or the provision of a unique experience (Dzhandzhugazova, 2016).

Scope of the Study

The study was carried out in three different locations where the Seventh-day

Adventist Church has established Guesthouses in Kenya. The facilities included; Adventist LMS Guesthouse and Conference Centre, Watamu Adventsist Beach Resort and Eldoret Adventist Guesthouse. The 3 hotel outlets are full-fledged with elaborate front office, accommodation, laundry, restaurant and conference services. As a criterion, the facilities have been in operation for more than 10 years by now. Further, the 3 establishments are being patronized by both local and international clients.

Definition of Terms

Customer care practices: These are customer oriented strategies business establishments employs to meet customers' needs and expectations

Customer expectation: This is the level of satisfaction the guest anticipates to get from the service provider

Customer Loyalty: This is a decision a client makes to stick with one company in spite of other competing establishments that sell or offer similar products and services. Further, it is the willingness of a client to buy from seller **X** over seller **Y** because of business attachment.

Customer Relationship Management: A strategic approach that enables organizations to use internal resources, that is, technology, people, and process to manage the relationship with customers in order to create a competitive advantage and improve an organization's performance.

Customer satisfaction: This is a psychological fulfillment when the guest experience over some service given equals or supersedes expectation.

Innovation: Is the application of better solutions that meet new requirements, in anticipated needs, or existing market needs. This is accomplished through more effective products, processes, services, technologies, or ideas that are readily available to markets.

Service Quality: This is offering high standard products and services to meet customers' expectation and experience.

CHAPTER TWO

REVIEW OF RELATED LITERATURE AND STUDIES

Businesses are out to make profits for their financial sustainability. The hotel industry is a very competitive subsector locally and globally because clients are getting more informed of what service quality standards is all about (Sarah, 2002). It is thus upon the players in the hospitality outlets to employ reliable customer oriented strategies to retain their already acquired clients who will in return share their good experience with others. This strategy will benefit individual service providers with increased referrals and competitive advantage over competitors.

This study sought to understand customer loyalty strategies the Seventh-day Adventist Guest Houses in Kenya is employing to form an informed opinion about the current and ideal situation and current situation of the facilities. The section samples reviews of related literature under the subheadings: Customer Loyalty; Service Quality; Customer Satisfaction; Customer Relationship Management; Innovation; Summary of Related Literature Reviewed and Gaps.

Customer Loyalty

Jones, Beatty and Mothersbaugh (2002) and Bowen and Chen (2001) adduced that customer loyalty involves keeping in touch and building relationships with the customers through the various means of communications such as mails, phone calls, letters, special gifts/offers, follow-ups, and cards or notes with a personal touch while Churchill and Brown (2004) also demonstrated the significant role of communication in promoting customer loyalty. Jamal and Naser (2003) added that these forms of communication must continually occur from time to time. Customers not only appreciate this, it arouses their sense of belongings because it makes them feel

respected, esteemed and important. It acknowledges them, keeps them informed, offsets post-purchase doubts, reinforces the reason they're doing business with you and makes them feel part of your business for them to become repeated guests.

Studies have revealed that improvement in customer care practices will eventually lead to customers' retention which will optimally bring out increase in profits (Kotler, 2003). The profits (income and proceeds) of every business establishment will significantly increase as they attract new customers without losing existing ones. Businesses are established to provide quality and essential services that will make customers happy. Similarly, customer loyalty is another important factor in customer loyalty.

The impact of the satisfaction in loyalty has been the most popular subject in the study of marketing approaches. Several studies have proved that satisfaction and loyalty have the direct connection between them. Usually, satisfied customers become loyal while dissatisfied ones frustrate marketing efforts (Heskett, 2011). If the behavior of customers is positive to the service provider, then those customers are said to be loyal (Abdullah, 2012). Once customers are not satisfied, they will always have an option to express their complaints by defecting to the competitor.

Other studies view customer loyalty as the process of buying products and services within certain time span in a repetitive nature (Sirdeshmukh, Singh, & Sabol, (2002). Along with this, in general, when there is higher cost of customer acquisition in comparison with the lower cost of serving, it tends to make the repetition of customers and consequently lead to increase in profitability. Hence, in this circumstance firms are advised to increase the customer loyalty level (Edward & Sahadev, 2011). Customer loyalty has been traditionally associated with perceived service quality, perceived value and customer satisfaction (Bloemer, de

Ruyter, & Wetzels, 1999). However, many practitioners have found different conceptualization of customer loyalty in their research work. According to Bowen and Chen, (2001), there are three approaches in measuring retention: Behavioral measures, attitudinal measures and composite measures. On the basis of service quality, the retention is treated as an observed behavior (Liljander & Strandvik, 1994). However, the behavioral measures of retention is criticized by different researchers who argue that the evaluation is only based on reoccurrence purchasing nature of the customer. Thus the assessment lacks the conceptualization on its measures which does not even differentiate loyal customers or their attachment to a particular product or brand (Dick & Basu, 1994).

Similarly, attitudinal approach focuses on the emotional and psychological aspects of customer attachment co-relating to the retention (Bowen and Chen, 2001). The last approach is a combinational form of both approaches called composite. The approach combines both behavioral and cognitive nature of customers (Bloemer, 1998). Oliver (1999) confirms that the most important aspects in obtaining an absolute retention are the composition of psychological and attitudinal measures. Customer loyalty signifies a long-term commitment between customer and the firm in maintaining certain relationship. This is enhanced by developing a form of mutual commitment and striving to create long term buyer-seller relationships (Wilson, 1995).

Ahmad and Buttle (2001) identify the following six economic benefits of retaining customers: Savings on customers' acquisitions or replacement costs; a guarantee of base profits as existing customers are likely to have a minimum spend per period; growth in per-customer revenue over a period of time; existing customers are likely to earn more, have more varied needs and spend more; a

reduction in relative operating costs as the firm can spread the cost over many more customers and over a long period of time; free of charge referrals of new customers from existing customers which would otherwise be costly in terms of commissions or introductory fees and price premiums as existing customers do not usually wait for promotions or price reductions before deciding to purchase.

An article by Schepps (2004) describes the different approaches small and medium sized business can take towards increasing customer loyalty as compared to big businesses. The author states that small businesses should allow bigger ones to keep those customers that are only shopping for the lowest price since there are plenty more customers looking for service before price. The focus for small businesses should therefore be value - not necessarily offering the lowest price. The author also states that small businesses can have the advantage over big businesses, if its management can understand the idea of having an upper hand in capturing market share through true customer loyalty and positive customer experience initiatives. The personal touch of a small business positively affects retention; the author states that this is why so many large businesses have chosen franchising for example, to sell their products or services, because what they are really doing is giving consumers and businesses a personal experience (Schepps, 2004).

Ahmad et al. (2001) express that the overwhelming argument for customer loyalty is that it is cheaper to retain than to acquire new customers. The authors claim that a 5 percent increase in retention rate leads to an increase in the net present value of customers between 25 and 85 percent. Henning-Thurau, and Klee (1997) agree and add that retaining customers opens up considerable cost-reduction potentials that have led to a strong emphasis of customer loyalty. To retain customers,

it is vital to keep a dialog going and keep the customers in control. Using an active web, a customer with a need can complete a form then the solution finder processes the request. Depending on the mode of communication or need, a customer gets a call back, a text message, or e-mail. Customers enjoy being in control of their relationship.

With the information the customer provides, transactional information and a set of business rules, a company can choose various methods of customer contact (like e-mail and messaging), the timing and the message that is the most likely to connect to the customer (Smith, 2006). Organizations should measure their customer loyalty in relation to the nature of the business and, more specifically, on the repurchase cycle appropriate in the industry within which they operate. The calculation of customer loyalty can get even more complex if the customers have multiple suppliers, a few customers have a disproportionate spend relative to other customers, or if individual customers have several accounts with a single supplier (Ahmad et al. 2001). According to Richards (1996), experience has it that it is impossible to prevent some defections from taking place because there are always customers at the margin who will defect. Therefore, a complete customer management program must include a strategy for acquisition to replace potential defectors.

Rieck (2004) presents a 3-step customer loyalty program that is used to help organizations satisfy their customers and retain their businesses. The first step, asks questions, involves the company to be the initiator in order to get feedback from the customer. The company can gain feedback in several ways for example; having a comment card in the fulfillment or a feedback from the Web site. The lines of communication should be kept open by direct customer service phones

and special customer service e-mail address. The main objectives of the company should be to have a well-trained customer service department, solve problems promptly and remind the customers that you care.

The second step of the loyalty program involves staying in touch with your customers. An inexpensive newsletter that includes information about new products or services, company policies and anything interesting or relevant can help the company to maintain a friendly familiarity with your customers. Letters and e-mails can also be used to as a way to thank customers. For top customers the companies should consider a personal phone call just to say thank you. If the company manages to follow the customers buying habits it can be very effective to tailor their offers to the habits. The third step is to be generous. This emphasizes the fact that business is more than sales, it is about relationships. Little acts of unexpected generosity can go a long way toward cementing your relationship with customers. If the company manages to develop and nurture the relationships through a commonsense communication program, customer defections can be reduced and profit can increase (Rieck, 2004).

Rogers and Peppers (2004) describe that customer loyalty can be approached into two directions attitudinal (emotional) and behavioral (functional). The attitudinal definition of loyalty suggest that loyalty is a state of mind whereas behavioral loyalty means that someone is willing to pay a premium for brand x over brand y even without favor to the attitudes that underlie that conduct. Behavior customer loyalty is not the cause, but the results of preference.

A company focusing on different tactics to increase customer loyalty in fact increase the amount of repurchase behavior strategy that can easily include, raising consumer's general choices for the brand or customer level of satisfaction with it.

Behavioral customer loyalty is simply more useful and practical because when customer is loyal then customer is a repeat purchaser. Customer loyalty should have as direct connection as possible to a company's financial and operational profits results. The lifetime value will capture all the various behavior and activities of the customer that have relationship with the enterprise's profit from loyalty customers (Rogers, 2004).

Service Quality

Service Quality (SERVQUAL) is defined as a comparative function between consumer expectations and actual service performance (Parasuraman, Zeithaml, & Berry, 1985). On the other hand, Parasuraman, Zeithaml, and Berry (1988) defined service quality as the ability of an organization to meet or exceed customer expectations. According to Cronin and Taylor (1994), service quality is a form of attitude representing a long- run overall evaluation of service. As observed by Chang & Hsu, (2013), the traditional notion of service quality by Parasuraman et al., (1985) is most commonly accepted.

Numerous researchers have identified how service quality and customer expectations affect customer satisfaction and loyalty (Gupta & Zeithaml, 2006; Stengel, 2003; Kumar, Andrew, & Robert, 2007; Ahmad & Kamal, 2002). Satisfied customers always make repeat purchases by buying again and again from the current firm or service provider because customers feel that their needs are fulfilled by shopping at these firms and they tend to stay loyal with the firms (Buttle, 2004; Honts & Hanson, 2011; Ahmad & Kamal, 2002). According to Lopez, Hart, and Rampersad (2007), perception of great service quality by customers, results in extraordinary customer satisfaction. When services provided by service organizations exceed the anticipation of customers, it satisfies the customers

tremendously (Singh, 2006; Ghavami & Olyaei, 2006; Lopez et al., 2007).

Accordingly, it contributes towards acceleration in the customer lifetime value which will in turn improve the performance of firms (Ang & Buttle, 2006; Stengel, 2003). This study thus views service quality as the key measure of customer loyalty outcome.

Zeithml and Bitner (2003) stated that in retaining customers, it is important to deliver service quality that is distinct and consistent with the organizational value scheme and brand. Walsh, Groth and Wiedmann (2005) added that organization, who strives to retain and satisfy customers' requirements, will sure increase in profit. Uncles, Dowling and Hammond (2003) added that in a situation where an organization has an outsized number of customers with limited increase rate for customers' loyalty, there will still be a progression in the profit level. Hence, for every organization to survive in the competitive business world, it is important to develop an effective customer loyalty strategy that will meet the needs, aspiration, demands and requirements of customers.

Service quality is the difference between customer perceptions of how well the service meets customer expectations. Nitecki and Hernon (2000), define service quality in terms of "meeting or exceeding customer expectations". Unlike products quality, the quality of services cannot be measured objectively rather it is more a subjective term. Similar services with similar quality are perceived differently because it is totally dependent on personal perception of the service encounter. In order to understand well the quality of services, their determinants should be identified which could determine what the quality of service is for a customer (Parasuraman, Zeithaml, & Berry, 1985). According to Gronroos (1984), quality of service as perceived by customer has three dimensions:

functional (service delivery process), technical (the outcomes which are produced for the customer) and image (image of the company in the minds of customer). If we consider these perspectives in a hotel setting, the functional dimension can be an example of how the personnel of a hotel interact with the customer during their visit to the hotel. The technical side of services is the example of how well customer's problems are solved or how well the complaints are handled.

Western world client's perspective has more dominant and influent role in the field of service quality management and measurement. Lehtinen and Lehtinen (1982) on their part define service quality in three different aspects i.e. physical quality, interactive quality and corporate image quality. As the name implies, physical quality relates to the tangible aspects of service whereas, interactive quality relates to the nature of interaction of services and focuses on the two-way flow between service provider and the customer. The third characteristic is about the overall image of service provider in the mind of current and potential customers. As compared with the first two quality aspects, the last is more stable in the long term.

Another widely used service quality model is proposed by Parasuraman et al. (1985) which is named as SERVQUAL model for measuring service quality. He studied five different aspects of service in the banking industry, credit card companies, motor repair and telecommunication. The five dimensions include reliability, responsiveness, assurance, empathy and tangible. This model has been widely used in different industries for measuring service quality but also came under criticism by many writers because it neglected the technical side of services.

SERVQUAL model only focuses on service delivery process which is called as functional dimension of service quality, but it excluded the service encounter outcomes (technical dimension).

The technical dimension or outcome means the core service provided by a service provider and also is the main motivating element (Pollack, 2008). The importance of corporate image has also been emphasized because customer comes with their earlier experiences and perception of the firm in any service encounter (Gronroos, 2001). Corporate image works with functional dimension to develop the overall service experience. A combination and comprehensive model was proposed by mixing functional dimensions of Parasuraman et al. (1985) and technical and corporate image of Gronroos (1984) and Lehtinen and Lehtinen (1982) to form more complete model of service quality (Kang & James, 2004).

Meanwhile, the service model developed by Kang and James (2004) were applied in telecommunication industry and there is no evidence if this model fits the service environment of retail. This model is suitable for purely service firms whereas, retail industry provides both services and products to their customers at the same time. Another study conducted by Finn and Lamb (1991) in order to test SERVQUAL model in retail stores. They concluded in order to study services of a retail store for instance, SERVQUAL model is not a good fit. In addition, this cannot be applied for retail setting without modification. Therefore, the need to develop a specific service quality measurement tool resulted into development of Retail Service Quality Scale (RSQS) by Dabholkar, Thorpe, and Rentz (1996).

Customer Satisfaction

Customer satisfaction is how a customer perceives the service delivered. It is a function of service performance relative to the customer's expectation. For this reason, it is important to understand how customer expectation is formed in order to identify the factors of service satisfaction in the hotel industry. Hotel operators now focus more on the quality standards in order to meet the basic needs and expectations

of the customers. Once customers' requirements are clearly identified and understood, hotel operators are more likely to anticipate and fulfil their customers' needs and wants (Juwaheer & Ross, 2003). The more satisfied the customers are, the more likely they are to return or prolong their hotel stay (Choi & Chu, 2001).

According to Jana and Chandra (2016), customer satisfaction has become an important aspect of the hotel industry. Unlike other industries, the hotel industry prospers due to customers' retention. It is only through customer satisfaction that a hotel can retain its customers. Basically, customers' loyalty is dependent on the quality of the services that they get in a hotel. Moreover, the hospitality industry has experienced entrance of many investors who are willing to meet all the needs of their customers. Therefore, if customers are not satisfied by the services they receive in one hotel, they will look for better services elsewhere (Jana & Chandra, 2016).

Customer loyalty and satisfaction is vital for modern day business for two main reasons. First, customers are scarce resource it is far easier to obtain from an old customer than from a new one. Secondly, customer loyalty and satisfaction has a positive effect on the profitability revenues of the company (Rosenberg & Czepiel, 2017). Customer satisfaction has been one of the top tools for a successful business. Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience with the good or service over time (Fornell, Johnson, Anderson, Cha & Bryant, 1996). With marketing, customer satisfaction also comes along with it which means it ascertains the expectation of the customer on how the goods and services are being facilitated by the companies. Actionable information on how to make customers further satisfied is therefore, a crucial outcome (Oliver, 1999).

At a glance, customer satisfaction is a crucial component of a business strategy

as well as customer loyalty and product repurchase. To maximize the customer satisfaction companies should sell ideas and methods after the completion with all the necessary documents. As for example, customers will book a hotel room after reading on the web about the hotel, safety and proximity to the areas of interest.

Therefore, they do not feel disappointed after check-in into the hotel. Otherwise, if the company uses only their sell and build method customers might expect that the hotel is exactly the same as what they see in the pictures or during the exhibition and later on the company might receive complaint if anything is wrong. Customer satisfaction is a barometer that predicts the future customer behavior (Hill, Roche & Allen 2007). However, the product and its features, functions, reliability, sales activity and customer support are the most important aspects required to meet or exceed the satisfaction of the customers.

Satisfied customers usually rebound and buy more. Besides buying more they also work as a network to reach other potential customers by sharing experiences (Hague & Hague 2016). The value of keeping a customer is only one - tenth of winning a new one. Therefore, when the organization wins a customer it should continue to build up a good relationship with the client. Providing the quality of goods and services in the 21st century is not only to satisfy the customers but also to have a safe positioning of your brand in the minds of your customers (Rebekah & Sharyn, 2004).

Customers often look for value in the total service which requires internal collaboration among the departments responsible for different elements of services of offer, such as the core product (goods or services) delivering the product, product documentation, etc. Moreover, from profitability and productivity perspectives only activities that produce value for customers should be carried out. Hence, firms have

to get to know their customers much better than has normally been. However, the company should be able to build trust with the customer so it is easy to get the feedback from the customer. This is how customer oriented product or service could be developed (Hill, Brierley, & MacDougall, 2003).

Some scholars note that customer satisfaction is dynamic and relative. Only the idea "customer-centric" can help companies improve satisfaction and keep customer truly, conversely, if competitors improve customer satisfaction, then it may loss corporate customers. While improving customer satisfaction, customer expectations should be noticed. Service quality, product quality and value for money have a direct positive impact on customer satisfaction. Employee satisfaction is equally important before achieving the customer satisfaction. If employees have a positive influence, then they can play a big role to increase customer satisfaction level. Satisfaction is a dynamic, moving target that may evolve overtime, influenced by a variety of factors. Particularly, when product usage or the service experience takes place over time, satisfaction may be highly variable depending on which point in the usage or experience cycle one is focusing. (Lovelock & Wright, 2007).

Other authors assert that customer satisfaction is influenced by specific product or service features and perceptions of quality. Customer satisfaction is influenced by customer's emotional responses, their attributions and perception of equity (Zeithal & Bitner, 2003). Increased customer satisfaction can provide company benefits like customer loyalty, extending the life cycle of a customer expanding the life of merchandise the customer purchase and increases customers positive word of mouth communication. When the customer is satisfied with the product or service of the company, the customer is influenced to purchase frequently and to recommend products or services to potential customers. It is impossible for a

business organization to grow up in case the company ignores or disregards the needs of customers (Tao, 2014).

Research findings attest to the fact that customer satisfaction is a significant element in service delivery because understanding and satisfying customer's needs and wants can engender increased market share from repeat purchases. The orientation to customer satisfaction is not a recent phenomenon. A good number of successful business people over the years have identified the close relationship between customer satisfaction and business performance output (Vavra, 2002.)

Customer loyalty is a behavior while customer satisfaction manifests itself as an attitude. Factors which may influence customer satisfaction and loyalty include price, quality, reliability, empathy, and responsiveness (Gajjar, 2013).

Customer Relationship Management

Customer relationship management (CRM) is the strategy used by businesses to manage their interaction with customers throughout the customers' lifecycle. The process involves creating a good relationship with customers to increase their satisfaction and develop a culture of mutual understanding. CRM brings benefits to the organizations that generate a lot of information about customers (Bose and Kotler, 2002; Mguyen, Sherif, & Newby, 2007). This strategy is widely considered as one of the most effective ways to facilitate developing and expanding the customers' base, which in return, will assist in enhancing profitability and guest loyalty (Mylonakis, 2009; Sigala, 2005; Sigala and Connolly, 2004; Wu & Li, 2011).

Customer relationship management (CRM) comprises of planned and sustained interaction with customers to assess their needs through technological platforms. It involves using technology to ascertain the level of customers' satisfaction and organize a company response to sales, marketing and customer

service (Balakrishnan & Krishnaveni, 2014). CRM practices provide a company with the information necessary to know their customers understand and identify customer needs and effectively build relationships between the company, its customer base, and distribution partners (Michel & Kamakura, 1999). CRM is a management approach that enables organizations to identify, attract, and increase retention of profitable customers by managing relationships with clients (Hobby,1999) and further identifying strategically significant customers (Buttle,2001).

Firms are working hard on customer relationship management (CRM) to the extent that it has been made an integral component of a firms' business plan (Samayat, Ramayah & Norizan, 2006). Similarly, it has been acknowledged as one of the important factors in retaining customers. In line with Tu, and Pai, (2011) findings, perceived service quality through CRM is the gap between the expected customer service and the actual customer service from the firm. Venetis and Ghauri (2004) have emphasized that quality of services rendered affects the future repurchase decision and firms that have demonstrated excellent pre and post customer assistance are able to preserve their customers. Therefore, it is highly plausible to retain customers when they perceive firms to offer good quality services (Venetis & Ghauri, 2004). Customer loyalty is highly dependent on customer relationship management (Omar, Musa & Nazri, 2007). Customer relationship management essentially encompasses any efforts by firms to carry out activities focused on relationship building where these activities can be carried out traditionally or by electronic means (Feinberg & Kadam, 2002). CRM and electronic CRM are widely associated with effective service recovery processes particularly targeted at dissatisfied customers (Ndubisi, 2007).

Moreover, Yunus (2009) has pointed out that e-CRM activities include fostering pleasant and enjoyable rapport with customers by communicating the latest promotions and updates to them which will in turn satisfy them. Consequently, such impressive CRM activities would lead to success in the firm's customer loyalty practice (Omar, Musa & Nazri, (2007); Yunus 2009). Customer service is viewed as the customers' opinion of a firm based on certain visible features namely the surroundings, location and the mood inflicted on the customer in comparison with other firms (Razak, Chong & Lin, 2007). CRM service is considered an important weapon to retain a firm's customers (Al-Eisa & Alhemoud, 2009). CRM is a marketing approach providing satisfaction of customer needs at every point of interaction between the customer and the cooperation (Kotler & Keller 2011, 2012). CRM is not only about installing software or automating customer touch points. It is about the reinvention of a business around the customer and becoming customer-centric (Saunders, Wong, Kotler, & Armstrong, 2001). Considering Parvatiyar and Sheth (2000) view Customer Relationship Management as a comprehensive strategy and process of acquiring, retaining and partnering with the selective customer to create superior value for the company and the customer. Customer relationship management has become important for the business with the new marketing approach to adapt their business activities to reach towards their customers and build the strong relationships, networks and interactions with customers.

According to Emerald (2005), CRM has different market approaches:

Customer market; the referral market, consisting of customers who have been referred to the business by word of mouth,; the supplier market; the recruitment markets; the influencer market and the internal market, comprising an

organization's own employees. The marketing approach of customer relationship management has gained much currency in the recent years by attempting to build closer relationships and interactions between a business and its most important customers. Customer relationship management focused on businesses marketing their products and services through relationships and interactions with customer market, often taking advantage of IT-based interactivity.

Baran and Galka (2013), reveal that CRM is a protective marketing strategy that focuses on managing the customer experience by understanding their needs and purchase behavior. It is an efficient way to strength the relationship between a company and its customer, transforming links into friends and partners. This is done by building learning relationships, for example through loyalty programs. Customer relationship management implements a customer focus that enables an organization to retain loyal customers.

Rogers and Peppers (2004) describe that customer loyalty can be approached into two directions attitudinal (emotional) and behavioral (functional). The attitudinal definition of loyalty suggest that loyalty is a state of mind whereas behavioral loyalty means that someone is willing to pay a premium for brand x over brand y even without favor to the attitudes that underlie that conduct. Behavior customer loyalty is not the cause, but the results of preference. A company focusing on different tactics to increase customer loyalty in fact increase the amount of repurchase behavior strategy that can easily include, raising consumer's general choices for the brand or customer level of satisfaction with it. Behavioral customer loyalty is simply more useful and practical because when customer is loyal then customer is a repeat purchaser. Customer loyalty should have as direct connection as possible to a company's financial and operational profits results. The lifetime value will capture

all the various behavior and activities of the customer that have relationship with the enterprise's profit from loyalty customers (Rogers, 2004).

A customer is someone with whom we exchange value. With better service provided to the customer in return strong relationship bond will create between the company and customers. For example, a customer who orders room reservation via internet from an online booking agent may afterwards contact the supplier by telephone to obtain additional information. From the data in the computer system the operator can easily see that the purchase has been completed, additional information added, and possibly payment processed. In this way the customer does not have to provide their entire contact history next time. The dialogue may proceed without the obstacles because the delivery channels have been connected with one another. Thus, customer relationship management is a process that addresses all aspects of identifying customers, chance to create customer knowledge, building customer bonds and shaping their perceptions of the organization and its products. Customer relationship has come handy at the turn of 21st century that has adapted the concept of real-time marketing for various purposes (Beltman, 2013).

Customer relationship management targets towards the building of an infrastructure, which may be used to develop long-term customer supplier relationship. As a result of infrastructure the walls between company and customer torn down. Whereas it was once impossible to enter the other's domain at one's own convince, nowadays it is a great easier deal. On the other hand, customers are able to look into the records to determine whether a specific products is in stock, track the status of delivery and analyzed other buyer opinions on the product. The buyer maybe involved as lead user in the development of new products and share confidential information.

A Customer can obtain access to areas of the company which were previously hidden and which could only be entered or accessed under supervision and by appointment. Thus it becomes much easier for even suppliers to gather information from customers and contact them directly. The customer and supplier activities are integrated. However, the privacy of both may easily be violate and both will have to consider carefully what is and what is not desirable in this part. In real time, it will be possible to provide to one another wishes with speed (Beltman, 2013).

Great service is about attitude. And a service attitude leads to a richer quality of life, not only in the commercial sector (Leonard Berry, 2016). Customer service is one of the important component of customer relationship management. Companies only know the strength and drawbacks with the results of provided customer services. Different Service Companies promote the mantra TLC; 'think like customer' while designing their service interactions. Due to mishandling on how customers think, many service company results miss opportunities to become truly excellent.

Understanding customer psychology at a deeper level can help company to provide excellent services. Most of the service company addresses the obvious things that affects customer's psychological attitude towards the service such as responsiveness on the part of their employees. Through combination of market demand and creative development of service the developed world's economics are ruled by service firms.

A service encounter consists of a customer interacting with an organization for the purpose of achieving certain goal. The customer service interaction can be either face to face to through telecommunications. Single interaction or multiple interaction. To improve such encounters and solve varieties of problem arose, it need to do what other science does, establish operational definition that permit

focused analysis of cause and effects. The service encounter can be operationally defined as three Ts; task to be done, treatment accorded to customer and the tangible features of the service.

For example, the service provided by the restaurant; better service can be analyzed whether food was cooked well (task), was the food tasty (treatment) and was the restaurant area clean and pleasant (tangible) through this service encounters the company can provide effective customer service to improve the weakness and customer satisfaction (Chase, 2013).

Innovation

Innovation refers to organizational culture that encourages creativity in introduction of new services, products, or ideas (Tajeddini, Trueman & Larsen, 2006). Innovativeness can take various forms, such as developing appropriate strategies, encouraging employees to come up with creative ideas, or simply being open to change (Tajeddini, 2010). Chang, Gong & Schum, 2011) found that extensive training of customer-contact staff is of particular importance in encouraging innovation since they are the people who often generate ideas for innovation.

Additionally, customer-contact employees are often responsible for testing new products and services. Mumford (2000) in his research work argued that innovation often stem from the ability of customer-contact employees to solve problems creatively. Innovations of all kinds are essential for both the viability and competitiveness of hotel enterprises. The systematic and global use of innovations to ensure the growth of enterprise performance is now recognized by a wide range of researchers and practicing managers (Dzhandzhugazova, 2015). In the context of hospitality industry, if a hotel is not involved in any innovation process, its performance will sooner or later diminish and its competitiveness will be lost

(Ilyenkova & Kuznetsov, 2009).

Innovation in the hospitality industry depends on the creation of intangible assets, which means providing the consumer with a benefit worth paying for. In this regard, the intangible assets may be good mood, spiritual or cultural development or the provision of a unique experience (Dzhandzhugazova, 2016). To date, quality service is based on a new system of relations integrating non-standard methods and approaches and providing a new perspective on hospitality marketing mix. These methods include interesting architecture of hotel buildings, modern landscape design, attractive interiors and a variety of technological innovations ranging from the common Wi-Fi to the integrated innovative smart house technology (Dzhandzhugazova, 2013). However, hotel guests are still people who want attention, warm welcome and care, but now those desires are satisfied with the help of innovative solutions creating almost any atmosphere and affecting an array of human feelings and emotions. This approach underlies sensory marketing, which studies the impact on feelings and the emotional state of consumers targeting the increase in sales (Ambler, 1999).

Marketers believe that sensory marketing helps a person develop a direct association of certain brands with melodies, sounds and smells. The main objective of sensory marketing is to improve the mood of consumers. The innovative hotel marketing mix called Seven Sensual Notes of Hospitality provides a new vision of the marketing mix and its correlation with the sensual sphere of a human being (Dzhandzhugazova, 2015). The senses include: (1) Sight - architecture, painting and interior decor; (2) Hearing - music, radio, television; (3) Smell – scents; (4) Taste – food, gastronomy; (5) Touch – softness, luster, warmth and texture; (6) Intuition – peace, security, caring and (7) Impressions – emotions, feelings, and experience. Most

addition to products and services offered. Hotel Intercontinental chain of hotels periodically carries out special ethnographic research to choose music which would suit its multinational clients. Fairmont Hotels on their part, have introduced a new loyalty program bonus that enables in-house guests to access their favorite music in their rooms once you become a member of the loyalty program.

Naturally, such caring and personal approach to loyal customers increase brand loyalty (Rosenberg & Czepiel, 2017). Some common forms of innovation seen in hotel establishment include: aroma of roses common in weddings but can be used in hotel to create an impression of peace during meetings and business negotiations. An air mixture of chlorine when blown through the air system creates a sense of cleanliness while music excites guests' moods (Best Hotels of the World, 2008).

The history of innovation research stretches back to the beginning of the 20th century where the first definition of innovation in a research context was made nearly a century ago (Hansen & Wakonen, 1997). Schumpeter (1942) seen by many as the first real pioneer in the field, paved the way for much of today's research on innovation with his views on the relation between innovation and economic evolution. Beginning his research in the post-World War one (WW1) era of Austria, he drew much inspiration from Marx and proposed that all capitalist evolution is driven by technological competition between firms to increase productivity, something he called evolutionary dynamics (Fagerberg, 2004). Even though these ideas were published well over 7 decades ago, they remain as relevant in today's ever changing and highly competitive digital society, as they were back then.

This increased productivity through technology today is what Davenport (2013) defines as "combining a process view of the business with the application of

innovation to key processes", a concept derived from Schumpeter (1942)'s work. Fagerberg (2004), broadened the definition and proposed innovation as the development of new products (product innovation), the creation and exploration of new markets (marketing innovation), as well as new ways to strategize and organize the business (organizational innovation). Schumpeter (1942) and other newer scholars argued that innovations were vital as they lead to creative destruction, i.e. the revolutionizing of economic structures, destroying old ones and creating new ones, which ultimately drives capitalism (Schumpeter, 1942, in Aghion & Howitt, 2009).

However, despite Schumpeter's efforts of cementing the importance of innovation for economic progress, it was not until the late 1970s as the research field of innovation grew in popularity. This was likely because innovative behavior previously considered inappropriate or disrespectful in organizations now became a necessity as companies faced a more complex, fast-moving and globalized business environment (Anderson, De Dreu & Nijstad, 2004). Consequently, the number of publications with innovation as a topic roughly increased by 14 percent annually from around 50 in the early 1980s to more than 1000 per year in 2008 (Crossan & Apaydin, 2010). This massive growth in innovation research aside, the majority of all literature have focused on the innovation of products or processes. However much less attention has been given to that of service innovation (Meyera & DeTore, 2001; Raja, 2013).

In other words, service innovation can be viewed as an activity where services, products, or processes are combined in a new way in order to enhance the customer experience and thus generate market value. The characteristics of service innovations also follow those of services in general; intangible in its nature, co-created together with the customer and consumed as they are produced (Bitner, Ostrom & Morgan, 2008). They are furthermore generally easier to imitate than products as they do not

require as much Research and Development (R&D) or fixed assets, giving service innovations a need to be more radical in order to obtain competitive advantage (De Jong & Vermeulen, 2003). What differentiates service innovations from other types of innovations are thus firstly the outright customer focus since the quality and success of any service is inevitably determined by the customer, and secondly that they require a higher degree of innovativeness due to the ease of which they can be copied.

The innovation of existing services or development on new ones, the latter often labelled New Service Development (NSD), increased despite its relatively little research focus radically during the 1980s and 1990s in a business context (De Jong & Vermeulen, 2003). A major driving force behind this increase is firstly believed to be the competitive stalemate across businesses due to product parity and everdiminishing returns on product investments. This has forced companies to focus on combining products and services to create added customer value and in doing so, increasing profit margins (Shelton, 2009). Secondly, the technical evolution of late has also been a contributing factor. Not only has services alone been innovated, but technological product innovations within the service sector has also become more frequent (Furseth & Cuthbertson, 2016). This once again highlight the relevance of Schumpeter (1942)'s arguments for the importance of technological progress and that the lines between product and service innovations are blurred.

Service and product innovations are becoming intricately linked as argued by Furseth and Cuthbertson (2016). They claimed that even in some of the most famous product innovations, like the car, the telephone, or the light bulb, it is the service that the product provides that really creates value. The car takes us from one place to another, via telephone we are able to talk to basically anyone anywhere, and the light bulb lets us do things in a lit room instead of in a dark one. This essentially views

products as service innovations through the perception of greater customer experiences or higher value, generated from new ideas.

Similarly, De Jong and Vermeulen (2003) argue that New Service

Development (NSD) can deliver a new and better customer experience through the development of the entire service concept, the client interface, the delivery system and technological options. The shift in mind-set of innovation from a product perspective towards a more customer centric service approach embodies what Tuli, Kohli and Bharadwaj (2007), call customer solutions, in line with the other service innovation authors such as Vargo and Lusch (2004). In other words, when viewing innovations, one must see beyond the innovation itself and consider what service it provides or which problem it alleviates, since this is what creates value for the customer. Value creation in turn being central when developing new products or services, for ultimately generating customer satisfaction or brand loyalty (Smith & Colgate, 2007).

Innovation means creation of something new by an organization that satisfy its customers and increase the market share. According to Pan and Zinkhan (2006), innovation is used strategically to enhance customer satisfaction, loyalty, and to gain market potential. This could mean new product or new concept that has been derived from systematic research and new ideas. Innovation today has become an important strategic tool as many of the biggest companies in the world collectively spend billions of dollars each year on research and development, making it almost inseparable from the company's own reputation (Henard & Dacin, 2010).

Innovations are commonly used strategically among organizations in order to compete and achieve competitive advantage. Companies try to be more effective in both local and global markets, adapt to changing demands, and create value for their customers (Keupp, Palmié & Gassmann, 2011). Innovations could also lead to several

types of growth, depending on strategy and the organization's objectives. It could for example result in a stronger bottom line, enhanced performance of partnership, increased competitive advantage, more motivated employees and improved customer relationships (Davila, Shelton & Epstein, 2013). More so, in today's competitive marketplace, firms stress the need to differentiate themselves and stand out in the cluster of offerings. By being innovative and creating new and differentiated products, services or processes, firms try to strengthen their position in the market and reach superior profits (Nijssen, Hillebrand, Vermeulen & Kemp, 2006).

As discussed in the paragraphs above, innovation can be several things within an organization, not just new products. It can mean entirely new business models, new processes to achieve better productivity or a new service offering (Davila, Shelton & Epstein, 2013). Traditionally, product and process innovation have received far more attention in the literature than that of service innovation (Meyera & DeTore, 2001; Raja, Bourne, Goffin, Çakkol & Martinez, 2013). It has been argued to be because of rooted remnants from the industrial revolution where products and productivity were considered of higher importance, together with the underlying incorrect belief that services lack tangible value (Bitner, Ostrom & Morgan, 2008). This mismatch can be seen as troubling as it has been argued that we are constantly moving towards a more service oriented economy, where innovation plays a vital role (Andersen, 2000; Gallouj, 2002; Gallouj, Weber, Stare & Rubalcaba, 2015).

Despite of ambitious undertakings of firms investing in innovation and the many strategic benefits presented above, a majority of all innovations fail within the first three years of their introduction into the marketplace (Wilke & Sorvillo, 2005).

Only about five to ten percent of all innovations reach the market and become successful (Furseth & Cuthbertson, 2016). One reason for this failure has been argued

to be the lack of consumer focus with regards to innovation. Kunz, Schmitt and Meyer (2011) claim that a consumer-centric perspective is essential in order to ensure that the innovation will be a success when introduced to the market, much since it is the consumers' likeability of the company and its innovation that determines the success. As a result, researchers have focused on the correlation between the customers' perception of the companies' capability of innovation and customer satisfaction for instance Torres-Moraga, Vasquez-Parraga & Zamora-González, (2008) and Naveed, Akhtar & Cheema, (2012) assertions. This is not surprising as innovation is argued to be a good starting point when it comes to building customer satisfaction (Torres- Moraga, Vasquez-Parraga & Zamora-González, 2008). In fact, one of the main purposes of innovation is to satisfy current customers and reach out for new and potential ones, while at the same time increasing the market share (Naveed, Akhtar & Cheema, 2012).

Continuing on the customer centric service approach to innovation discussed above, according to Moller, Rajala, and Westerlund (2008), there are two modes of service co-creation; a client-driven market pull and a provider-driven market push. The former is market- oriented and directed towards the markets specific needs and wants, while the latter targets prospective clients with technology push towards the market, creating new innovative services that perhaps would otherwise not exist. The authors argue that a balanced and ambitious innovation activity that combines both market and technology creation is what organizations should strive for because it is a combination of the two modes. This is a strategic congruence built on mutual interest, focusing on the markets needs and the providers offering portfolio, which enhances both current and future value co-creation between the organization and the market (Moller, Rajala, & Westerlund, 2008).

Summary of Related Literature Reviewed and Gaps Identified

Chapter two (2) of this thesis has immensely sampled out some related literature review that aided in understanding the phenomenon under study. It is apparent that a number of scholars in the past have carried out substantial research work on the best customer care practices in service industry aimed at retaining profitable clients. Viable customer loyalty strategies according to the various findings presented would yield to financial sustainability of businesses. The chapter has descriptively brought into fore demonstration and testimonials from a number of authors who have undertaken studies in the banking, manufacturing, hotel, and retail outlets affirming to the fact that client centered loyalty strategies are key in business performance.

Customer loyalty strategies inform local and global marketing model that give a business an economic advantage over her competitors. The study had presented service quality, customer satisfaction, customer relationship management, and innovation as key in developing customer loyalty strategies for hotel facilities like in the case of Seventh-day Adventist Church's Guest Houses in Kenya. In order to develop customer oriented care practices, it was important for an establishment to reconcile customer expectation and experience when they finally get to the hotel. Customers expect nothing less than their expectation. Customer care managers on their part have a responsibility to assess how clients perceive quality of service features implied by the service quality framework each organization establishes to keep in check satisfaction (Abdullah, 2012).

This study noted a few gaps that could be explored by future scholars in line with Reichheld and Schefter (2000) that variables are never constant. The two (2) authors had sought to find out why customers shift from one buyer to the other while

controlling satisfaction as the only influencer. In their findings, they found out that about 60-80% of customers prior to defection are usually satisfied. This is a huge margin to pose a research gap. Thus, this study noted that location and convenience would have a bearing in influencing guests' patronage to a particular Guest House than the other.

CHAPTER THREE

RESEARCHMETHODOLOGY

This chapter discusses the methodology approach for the study and highlights key subsections namely: Research Design; Study Area Description; Target Population; Sampling Technique; Data Collection Instruments; Validity and Reliability of Research Instrument; Data Analysis and Presentation; and Ethical Considerations.

Research Design

The study sought to find out what customer care practices impact on customer loyalty of Guest Houses managed by the Seventh-day Adventist Church in Kenya. The study thus adopted descriptive survey research design because of its appropriateness in obtaining required quantity of data to run quantitative analysis (Hair, 2006). Meanwhile, correlation was also used to assess relationship among variables while regression design predicted the level of influence each of the independent variables had on the dependent variable.

Population and Sampling Techniques

Population Frame

Based on annual room occupancy statistics for the year 2017, the population for this study was 11,648 clients. Out of this figure, the target populations were synonymous to the average weekly room occupancy of 224. The study also targeted 15 middle level managers overseeing operations in the five key hotel departments this study view as service points. The departments include: Front Office, Restaurant, Kitchen, Housekeeping, Conferencing and Marketing. This number of managers is drawn from the 3 Seventh-day Adventist Church's Guest Houses – each facility

providing 5 of her departmental heads.

Inclusion Criterion

The inclusion criterion for the 3 Seventh-day Adventist Guesthouses in Kenya is informed by the fact that the hotel outlets have been in operation for the past 10 years, their key hotel service points (front office, housekeeping, conferencing, restaurant and marketing) are full-operational, have a workforce of at least 10 members of staff, and the hotel outlets are frequented by both local and international clientele.

Sampling Techniques

The study picked the average total of weekly room occupancy for the 3 facilities to form target population for the study. In that case 224 as shown in Table 2 below were selected. Yamane (1967) formula: $n = N/(1 + Ne^2)$ was used to obtain the sample sizes: Where n = Sample size, N = Target population and e = Error margin (0.05). Thus the sample size for this study was 197 as illustrated in Table 2. The sample size was distributed to the 3 strata (Guesthouses) using stratified proportionate technique as shown in Table 2 below. Finally, the respondents were then picked from each stratum randomly.

Meanwhile to answer Research Question No. 5 that sought to understand some of the suggestions the Guest Houses would incorporate to improve their customer loyalty capacities, the study collected responses from 15 middle level managers drawn from the 3 facilities (five managers from each facility). There was no need for sampling because the number is fewer as demonstrated in Table 3 below:

Table 2

Room Occupancy Statistics

Facility Name	Annual Room	Weekly Room	Sample Size
	Occupancy	Occupancy	
LMS Guesthouse	8,788	169	149
Eldoret Adventist	1,040	20	18
Guesthouse			
Watamu Adventist Beach	1,820	35	30
Resort			
Total	11,648	224	197

Source: Researcher (2018)

Table 3

Members of Staff Statistics

Facility Name	Middle Level Managers	Sample Size
LMS Guesthouse	5	5
Eldoret Adventist Guesthouse	5	5
Watamu Adventist Beach Resort	5	5
Total	15	15

Source: Researcher (2018)

Research Instruments

The study used a questionnaire as the primary data collection instrument. The questionnaire was filled by clients. An interview guide was introduced to harness opinion from middle level managers overseeing operations at the departmental levels. The questionnaire and the interview guide were developed in reference to the research objectives aimed at answering the research questions. The questionnaire had both open and close-ended questions while the interview guide posed discussion questions aimed at collecting mainly qualitative data. The questionnaire sought to answer research questions 1, 2, 3 and 4 while the interview guide addressed

suggestions in research question 5.

Validity and Reliability of the Questionnaire

The aim of the research was to present results that are representative of the phenomenon under study by having accurate and meaningful conclusions and keeping the locality of data collection constant. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity. The researcher enhanced the instrument validity by seeking the opinion of the University Supervisors. This is in line with Kombo and Tromp (2006), who says content validity judgment is made better by a team of experts in the field of the research. On the other hand, reliability refers to the consistency of measurement and is frequently assessed using the test—retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures (Shanghverzy, 2003).

The researcher carried out a pilot study to test the validity and reliability of research instrument. Pilot testing is a smaller version of a large study that is conducted in order to prepare for the study and also provide a basis for the design (Orodho, 2004). The exercise involved pre-testing of the instruments to assess their reliability. The pilot study was carried out at Anglican Church Kenya (ACK) Guest House along Bishop Road at Upper Hill, Nairobi. The process as the name suggests preceded the main study for the sake of ascertaining if the questions in the questionnaire were understandable. The researcher randomly selected 30 respondents for the exercise. With a few alternations on the questionnaire, the primary instrument and questions there in passed the reliability test.

Table 4

Cronbach's Alpha Value

Construct	Cronbach's Alpha
Service Quality	0.806
Customer Relationship Management	0.707
Innovation	0.768
Customer satisfaction	0.813
Customer loyalty	0.859

In the pilot study five constructs were studied. With a few adjustments on the questionnaire, reliability threshold of the items was obtained. According to the findings 'service quality' scale was found to have an Alpha value of 0.806, 'customer relationship management' scale was found to have an Alpha value of 0.707, 'innovation' was found to have an Alpha value of 0.768, 'customer satisfaction' was found to have an Alpha value of 0.813 and 'customer loyalty' scale was found to have an Alpha value of 0.859. According to Mugenda and Mugenda (2003), coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability. These findings clearly show that the research instrument used in the study was reliable.

Data Gathering Procedures

The researcher used trained research assistants to administer the questionnaires and interview guides to respective study respondents. According to Saunders, Lewis and Thornhill (2009), a questionnaire refers to the general term including all data collection techniques in which each person is asked to answer the same question in a predetermined order. The questionnaires were delivered to guests via hand delivery who were at the guest house during the period of data collection.

Qualitative data from members of staff in the 3 SDA Church Guest Houses were purposively distributed and collected individually from each Guest House after conclusion of group discussion sessions comprised of the 5 middle level managers per each of the facility.

Statistical Treatment of Data

Quantitative data collected especially in research questions Nos. 1 and 2 were analyzed by the use of descriptive statistics using SPSS. Pearson product – moment correlation coefficient was used to analyze responses collected from research question No. 3 while multiple regression analysis was used to examine responses collected from research question No. 4. Meanwhile, content analysis was used to analyze mainly responses from members of staff in research question No. 5.

The demographic information was displayed by use of bar graphs and pie charts and in prose-form. This was done by tallying up responses, computing percentages of variations in responses as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS (Version 20) to communicate research findings. As explained above, content analysis was used to test data that is qualitative in nature or aspect of the data collected from open-ended questions.

Ethical Considerations

The researcher sought the necessary authorization from relevant authorities.

The University of Eastern Africa Baraton's Research Ethics Committee was the first to clear the study, National Commission for Science, Technology and Innovation (NACOSTI), Ministry of Education and all relevant line Ministries' requirements were sought. The researcher ensured that respondents adequately understood the research they were participating in. Integrity and honesty were the guiding values of

the researcher and the assistant researchers in the field throughout the data collection process from the beginning to the end. The study worked towards quality work devoid of any plagiarism. The researcher exercised utmost caution while administering the data collection instruments to the respondents to ensure their rights and privacy is upheld. To ensure confidentiality, the respondents' names did not appear on the questionnaires. Furthermore, no respondent was coerced into the exercise whatsoever. The study findings were presented without any manipulation or influence by the researcher in any way.

CHAPTER FOUR

PRESENTATION OF FINDINGS, ANALYSIS AND INTERPRETATION

This chapter presents analysis and interpretations of the research findings in line with the study objectives/research questions. The general objective of this study was to determine customer care practices influencing customer loyalty in Seventh - day Adventist Church's guest houses in Kenya. To understand this, the study sought to establish the influence of service quality, customer satisfaction, customer relationship management and innovation on customer loyalty in Seventh - day Adventist Church's guest houses in Kenya. The research findings were presented in form of tables, graphs and charts.

Sample Information

A total of 197 questionnaires were distributed to clients in the 3 Seventh-day Adventist guest houses. All questionnaires were filled and returned back to the researcher. Therefore, data was collected from the 197 respondents from where this study came up with findings and conclusions about the phenomenon under study. The aim of the study was to assess the customer care practices influencing customer loyalty in Seventh-Day Adventist Church's Guest Houses. The analysis, findings and discussion were done in order that the reader will understand the results at a glance. According to Babbie (2002), any response of 50 percent and above is adequate for analysis while 100 percent is excellent.

Table 4

Response Rate

	Frequency	Percent
Adventist LMS Guest House	149	75.6
Watamu Adventist Beach Resort	30	15.2
Eldoret Adventist Guest House	18	9.1
Total	197	100.0

Demographic Characteristics

The background information of this study comprised of gender of the respondents, marital status, age bracket, highest level of education and visit frequency.

Gender of the Respondents

The participants of the research were requested to include their gender. The results from this request were as indicated in Figure 2.

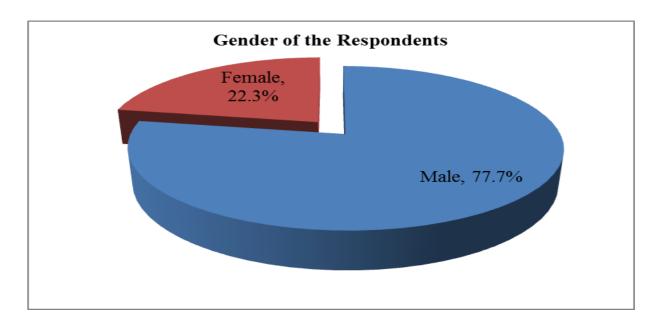


Figure 2. Gender of the respondents.

Source: Researcher (2018)

From the findings, the male respondents were 77.7% and the rest 22.3% were female. It can be deduced that most of the guests in the involved guesthouses were males.

Age Group of the Respondents

The researcher made a request to the respondents to include their age group. The results from this request were as shown in Figure 3.

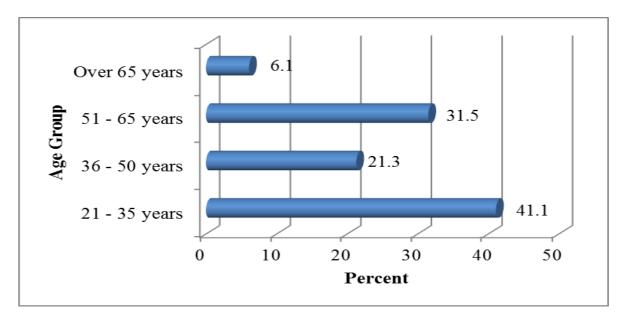


Figure 3. Age group.

Source: Researcher (2018)

According to the results, respondents that were aged between 21 and 35 years were 41.1%, while those aged between 51 and 65 years were represented by 31.5%. Further, 21.3% of the respondents were aged between 36 and 50 years. In addition, 6.1% of the clients indicated that they were over 65 years. It can be deduced that most of the clients in the involved Guesthouses were below 50 years of age.

Marital Status

The study requested the respondents to indicate their marital status. The results were as shown by Figure 4.



Figure 4. Marital status.

Source: Researcher (2018)

From the findings, 67.7% of the customers to the guesthouses were married, 22.1% of the customers were single and 2.1% of the customers indicated that they were widowed. However, the 8.2% of the customers indicated their marital status was not among the listed choices.

Highest Level of Education

The study sought to determine the highest level of education of the customers to the guesthouses. The results were as shown by the Figure 5.

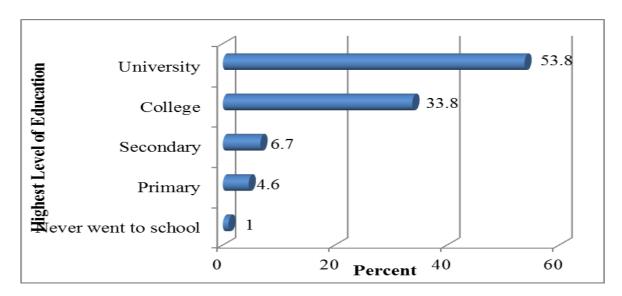


Figure 5. Highest level of education.

Source: Researcher (2018)

According to the results, 53.8% of the respondents indicated that they had reached university level, 33.8% indicated that they had reached college level, 6.7% of the respondents indicated that they reached secondary school level, 4.6% of the respondents indicated that they had reached primary level and 1% of the respondents indicated that they had never went to school.

Number of Times of Stay in the Guesthouse

The study sought to determine the number of time the customers stayed in the guesthouse. The results were as shown by Table 6.

Table 5

Number of Times Stayed in the Guesthouse

	Frequency	Percent
First time	21	10.7
Twice	5	2.5
Three times	7	3.6
Four times or more	164	83.2
Total	197	100

Source: Researcher (2018)

According to the findings, 83.2% of the respondents indicated that they had stayed for four times or more in the guesthouse, 10.7% of the respondents indicated that it was their first time, 3.6% of the respondents indicated three times and 2.5% of the respondents indicated that they had visited the guesthouse twice.

Extent of Customer Loyalty

The study sought to determine the extent customer loyalty in Seventh-day

Adventist church's Guest Houses in Kenya. The findings were as shown in Table 7.

Table 7

Customer Loyalty

Customer Loyalty	Mean	Std. Deviation
I will keep coming to this guest house at all cost	3.66	0.581
I will encourage others to visit this Guest house	3.84	0.478
I am willing to give support to this facility through		
guests' feedback survey program in this Guest house	3.84	0.365
I will always book early to avoid any disappointment		
of missing a room in this Guest House	3.58	0.623
I say positive things about this guest house to others	3.87	0.458
I really like staying in this Guest house	3.83	0.413
I consider this Guest House my first choice when I trave	el	
to this area	3.76	0.463
I would highly recommend this Guest house to my		
friends and family members	3.83	0.419
Customer Loyalty	3.7763	0.33980
N = 197		

Source: Researcher (2018)

The results showcase that the respondents agreed as shown by a mean of 3.87 and standard deviation of 0.458 that, they say positive things about these guesthouses

to others. In addition, the respondents agreed with a mean of 3.84 and standard deviation of 0.478 that they encourage others to visit this guesthouse. Further, the respondents agreed with a mean of 3.84 and standard deviation of 0.365 that they are willing to give support to this facility through guests' feedback survey program in this guesthouse. Further, they agreed with a mean of 3.83 and standard deviation of 0.419 that they would highly recommend their respective guesthouse to their friends and family members. Also, the study established that the respondents agreed that they like staying in the guesthouse as shown by a mean of 3.83 and standard deviation of 0.413.

The respondents agreed that they would consider the guesthouse their first choice when they travel to the area as shown by a mean of 3.76 and standard deviation of 0.463. Also, the respondents agreed with a mean of 3.66 and standard deviation of 0.581 that they will keep coming to this guesthouse at all cost. Further, they agreed that they will always book early to avoid any disappointment of missing a room in this guesthouse as shown by a mean of 3.58 and standard deviation of 0.623. Considering the average mean and standard deviation values, the 3 Guest Houses enjoy relatively high level of customer loyalty from their clients.

Middle Level Management Opinion on the Extent of Customer Loyalty

The study sought opinion from key informants (middle level management staff) on why the respective guesthouses were not performing optimally. The key informants indicated that they are faced with some challenges including; the type of service offered, inadequate menu variety, lack of equipment, lack of enough staff, poor marketing skills and lack of facilities like swimming pools. Other impediments include; competition, poor management and misplaced priorities. Some key informants indicated that poor performance was as a result of inadequate training

opportunities on current customer care practices owing to the competitive nature of hospitality industry. While rating client loyalty capacity at the guesthouse, majority of the key informants indicated that it was average and others indicated it was above average.

Further, the study sought to establish strategies applied by various establishments to encourage repeat business from her customers. The strategies included; offering quality services, appreciating customers through offering them daily newspapers freely, rewarding loyalty, discounts, improved service quality, good public relations room upgrade at the same price, customer follow up, sharing information, and gifts. This concurs with Jones, Beatty and Mothersbaugh (2002) and Bowen and Chen (2001) adduced that customer loyalty involves keeping in touch and building relationships with the customers through the various means of communications such as mails, phone calls, letters, special gifts/offers, follow-ups, and cards or notes with a personal touch.

Customer Rating on Independent Variables

Service Quality

The study sought to determine the customers on service quality, of Seventh-day Adventist Church's Guest Houses in Kenya. The results were as shown in Table 8.

According to the findings, the respondents rated high as shown by a mean of 3.73 and standard deviation of 0.566 that the guesthouse has quick check-in/out procedures. Further, the respondents indicated high ratings that the guesthouse is quick to apologize for any inconvenience as shown by mean of 3.69 and standard deviation of 0.641. In addition, the respondents indicated high rating that the guesthouse has friendly and professional service crew as shown by a mean of 3.65

Table 8
Service Quality

Service Quality	Mean	Std. Deviation
The guest house has quick check-in/out procedures	3.73	0.566
The restaurant staff are quick to attend to my orders	3.49	0.636
The guest house room is comfortable and well maintained Maintained		
	3.56	0.716
The facility's management is handy to solve my Complaints		
•	3.61	0.664
The standard of services I am receiving meets my Expectation		
r · · · · · ·	3.62	0.599
This guest house has friendly and professional service Crew		
	3.65	0.593
The facility's restaurant sells quality food delicacies	3.51	0.511
The services offered by this guest house meets my Expectation		
Zapotanion	3.49	0.531
The guest house is quick to apologize for any Inconvenience		
	3.69	0.641
Service Quality	3.5978	0.38158
N = 197		

Source: Researcher (2018)

and standard deviation of 0.593. Also, the respondents indicated high rating as the standard of services they were receiving met their expectation as shown by a mean of 3.62 and standard deviation of 0.599. This agrees with Lopez, Hart, and Rampersad (2007) who argues that perception of great service quality by customers, results in extraordinary customer satisfaction.

Further, the respondents agreed that the facility's management was handy to solve their complaints as shown by a mean of 3.61and standard deviation of 0.664. In addition, the respondents agreed that the guesthouse room is comfortable and well

maintained as shown by a mean of 3.56 and standard deviation of 0.716. Further, they agreed that the facility's restaurant sells quality food delicacies as shown by a mean of 3.51 and standard deviation of 0.511. However, the respondents tend to agree that the restaurant staff is quick to attend to their orders as shown by a mean of 3.49 and standard deviation of 0.636. In addition, the respondents indicated that they tend to agree that the services offered by this guesthouse met their expectation as shown by mean of 3.49 and standard deviation of 0.531. Singh, (2006); Ghavami and Olyaei (2006), and Lopez et al. (2007) posit that when services provided by service organizations exceed the anticipation of customers, it satisfies the customers tremendously.

In addition, the study sought to assess there are challenges that undermine guesthouse from offering optimum service quality. The key informants indicated that there were challenges related to customer care, lack of motivation and understanding. Other key informants indicated inexperienced and untrained staffs were other challenges undermining guesthouse from offering optimum service quality. However, the key informants indicated that quality of service in their guesthouse was satisfactory or above average.

Customer Relationship Management

The study sought to determine the level of Customer Relationship

Management, of Seventh-day Adventist Church's Guest Houses in Kenya. The results

were as shown in Table 9.

From the findings, the respondents agreed with a mean of 3.79 and standard deviation of 0.507 that the guesthouse employees are willing to help customers in a responsive manner. Further, the respondents agreed with a mean of 3.68 and standard deviation of 0.566 that the guesthouse makes an effort to find out what a customer

Table 9

Customer Relationship Management

	Mean	Std. Deviation
Through ongoing dialogue, the guest house works		
with individual customers to customize its offerings	3.52	0.582
The guest house employees are willing to help customers in a responsive manner		
•	3.79	0.507
The facility provides customized services and products to customers		
	3.49	0.611
This facility provides channels to enable ongoing,		
two-way communication with employees and customers	3.55	0.644
The guest house makes an effort to find out what a customer needs		
Customers are able to make advance booking online or	3.68	0.566
by phone and are assured of prompt confirmation in this	3.66	0.583
Guest house	2.22	3.3.30
Customer Relationship Management	3.6194	0.36931
N = 197		

Source: Researcher (2018)

needs. This concurs with Baran and Galka (2013) who posit that CRM is a protective marketing strategy that focuses on managing the customer experience by understanding their needs and purchase behavior. In addition, they agreed with a mean of 3.66 and standard deviation of 0.583 that customers are able to make advance booking online or by phone and are assured of prompt confirmation in this guesthouse. This concurs with Balakrishnan and Krishnaveni (2014) who argued that customer relationship management (CRM) comprises of planned and sustained interaction with customers to assess their needs through technological platforms. Further, the respondents agreed with a mean of 3.55 and standard deviation of 0.644

that this facility provides channels to enable ongoing, two-way communication with employees and customers. In addition, the respondents agreed with a mean of 3.52 and standard deviation of 0.582 that through ongoing dialogue, the guest house works with individual customers to customize its offerings. However, the respondents tend to agree with a mean of 3.49 and standard deviation of 0.611 that the facility provides customized services and products to customers.

Further, the study sought to determine the customer relationship management strategies in place. The key informants indicated providing efficient services plus advice from customers, rewarding loyal customers, providing internet to the clients, use of competent human resource personnel in different section, guest feedback to enable him/her satisfaction, quality, hygiene and transparency and through seeking the views of the clients through conducting a research. In addition, the key informants indicated that the facilities customer relationship management programs were very good and were responding positively. However, the housekeeping manager indicated that the customer relationship management programs were average. Further, the key informants indicated that their facilities rated average in terms of customer relationship management with the competitors around. This concurs with Mylonakis (2009) who argues that customer relationship management strategy is widely considered as one of the most effective ways to facilitate developing and expanding the customers' base, which in return, will assist in enhancing profitability and guest loyalty.

Innovation

The study sought to examine the level of innovation of Seventh-day Adventist Church's Guest Houses in Kenya. The results were as shown in Table 10.

Table 6

Innovation

Innovation	Mean	Std. Deviation
This guest house has perfected the technique of		
adding value to products and services offered	3.32	0.579
The facility has a unique way of keeping the interior		
décor friendly through music, flowers, pictures, paint etc.	3.20	0.736
The guest house restaurant is innovative considering		
the kind of menu they prepare every day	3.19	0.736
Customers in this guest house are highly regarded		
and as a result they are involved in the establishment's		
decision making	3.13	0.780
The facility's marketing department is using technology to		
reach out to global clients through live chats and other social		
media platforms	3.16	0.949
The guest house compound is safe and the guest		
rooms have secured locks	3.82	0.382
Innovation	3.3102	0.47995
N = 197		

Source: Researcher (2018)

From the findings, the respondents indicated that they were satisfied that the guest house compound is safe and the guest rooms have secured locks as shown by a mean of 3.82 and standard deviation of 0.382. Further, they tend to be satisfied that the guest house has perfected the technique of adding value to products and services offered as shown by a mean of 3.32 and standard deviation of 0.579. Also, the respondents tend to be satisfied that the facility has a unique way of keeping the interior décor friendly through music, flowers, pictures and paint with a mean of 3.20

and standard deviation of 0.736. Dzhandzhugazova, (2013) argues that innovation in the hotel industry include interesting architecture of hotel buildings, modern landscape design, attractive interiors and a variety of technological innovations ranging from the common Wi-Fi to the integrated innovative smart house technology. In addition, the respondents tend to be satisfied that the guest house restaurant is innovative considering the kind of menu they prepare every day as shown by a mean of 3.19 and standard deviation of 0.736. Further, the respondents indicated that they tend to be satisfied that the facility's marketing department is using technology to reach out to global clients through live chats and other social media platforms as indicated by a mean of 3.16 and standard deviation 0.949. In addition, they tend to be satisfied that the customers in this guest house are highly regarded and as a result they are involved in the establishment's decision making with a mean of 3.13 and standard deviation of 0.780.

In relation to the innovation established to enhance guests' comfort, the key informants indicated availability of materials for use especially for customers, availability of ample place for relaxing, initiation programs for the children, availability of free internet, that is, Wi-Fi and E-marketing/social media communication. In addition, the key informants indicated the facilities have put the hospitality programme to aid guests to check in/check out as well as enhancing the billing system and that they have put up the canopies to enhance guest comfort in the rooms. Further, the key informants outlined various strategies put in place to encourage innovation which included; connection of technology, for instance, Wi-Fi, provision of development funds and through staff training and team building. This concurs with Chang, Gong and Schum (2011) who argues that extensive training of customer-contact staff is of particular importance in encouraging innovation since

they are the people who often generate ideas for innovation.

In relation to how the technology blended with innovation to enhance customer experience and satisfaction, the key informants argued that technology helps a lot since customers are living in the technology world, through provision of free Wi-Fi in rooms and within the facility, by accessing good menus from internet and producing them to our clients, thus satisfying clients and facilitating internet and online booking. In addition, the key informants argued that technology enhances easy contacts and communication and that there is use of projectors for learning at conferences.

Customer Satisfaction

The study sought to assess the level of customer satisfaction, of Seventh-day Adventist Church's Guest Houses in Kenya. The results were as shown in Table 11.

Customer Satisfaction

Table 7

Customer Satisfaction	Mean	Std. Deviation
Quickness and efficiency of staff	3.57	0.608
Physical appearance of the reception area	3.52	0.636
Ambiance of the reception area	3.52	0.568
Room amenities (TV, lamp, phone, WIFI etc.)	3.23	0.795
Room comfort	3.64	0.482
Room cleanliness	3.75	0.531
Quality of food and beverages	3.41	0.544
Atmosphere of the guest house	3.77	0.489
Overall services provided by the guest house	3.47	0.621
Customer Satisfaction	3.5446	0.37628
N = 197		

Source: Researcher (2018)

According to the findings, the respondents were satisfied with the atmosphere of the guesthouse as shown by a mean of 3.77 and standard deviation 0.489. Further, the respondents were satisfied with the room cleanliness as shown by mean of 3.75 and standard deviation of 0.531. In addition, they were satisfied with the room comfort as shown by a mean of 3.64 and standard deviation of 0.482. They further indicated that they were satisfied with quickness and efficiency of staff as shown by a mean of 3.57 and standard deviation of 0.608. Further, they indicated that they were satisfied with the physical appearance of the reception area as shown by a mean 3.52 and standard deviation of 0.636. Also, they were satisfied with the ambiance of the reception areas shown by a mean of 3.52 and standard deviation of 0.568.

The respondents indicated that they tend to be satisfied with the overall services provided by the guesthouse as shown by a mean of 3.47 and standard deviation of 0.621. They tend to be satisfied with the quality of food and beverages as shown by a mean of 3.41 and standard deviation of 0.544. They tend to be satisfied with room amenities as shown by a mean of 3.23 and standard deviation of 0.795. The above findings concur with Gajjar (2013) argues that actors which may influence customer satisfaction and loyalty include price, quality, reliability, empathy, and responsiveness.

Further, the study sought to determine how often clients in various facilities complained about dissatisfaction of services provided. The cashier indicated rarely. The cook indicated once in a while and the head steward indicated that rarely do they complain. Further, the study sought to assess whether the Guest House was doing the best in satisfying her customers' needs. Tao (2014) posits that it is impossible for a business organization to grow up in case the company ignores or disregards the needs of customers. Other key informants indicated that the business was doing best in

satisfying her customers' needs by providing quality service at affordable price.

Further, in determining whether there were incidences where the business lost customers as a result of dissatisfaction, the key informants indicated it is very rare. However, some key informants indicated that they often lose customers who take meat, tea and alcohol that cannot be provided by the facilities. This concurs with Honts and Hanson (2011) who argued that satisfied customers always make repeat purchases by buying again and again from the current firm or service provider because customers feel that their needs are fulfilled by shopping at these firms and they tend to stay loyal with the firms.

Relationship between Dependent and Independent Variables Correlation Analysis

Stigler (2002) offers that the Pearson product-moment correlation coefficient measure linear correlation (dependence) between two variables *X* and *Y*, giving a value between +1 and -1 inclusive, where 1 is total positive correlation, 0 is no correlation, and -1 is total negative correlation. He further demonstrates that p-value less than 0.05 level of confidence can be considered statistically significant. As presented in Table 12, the study performed Pearson correlations for the relationships between customer loyalty and the following variables: service quality, customer relationship management, innovation, and customer satisfaction in Seventh-day Adventist Church's Guest Houses in Kenya.

As shown in table 12, at 5% significance level, there was a positive correlation between customer loyalty and the four variables. This is based on the Pearson correlation coefficients obtained of 0.227, 0.495, 0.311 and 0.498 respectively. These person correlation coefficients imply that there is a strong positive relation between customer loyalty and the following variables: service quality, customer relationship

Table 8

Correlations

Customer Loyalty				
Service Quality	Pearson Correlation	.227**		
	Sig. (2-tailed)	.000		
	N	197		
Customer Relationship	Pearson Correlation	.495**		
Management	Sig. (2-tailed)	.000		
-	N	197		
Innovation	Pearson Correlation	.311**		
	Sig. (2-tailed)	.000		
	N	197		
Customer Satisfaction	Pearson Correlation	.498**		
	Sig. (2-tailed)	.001		
	N	196		

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

Source: Researcher (2018)

management, innovation, and customer satisfaction as shown by p-values that were less than 0.05. This concurs with Andrew and Robert (2007) who argues that service quality and customer expectations affect customer satisfaction and retention. In addition, Lopez, Hart, and Rampersad (2007) argue that perception of great service quality by customers, results in extraordinary customer satisfaction. Further, the current findings are supported by Rosenberg and Czepiel (2017) who posits that customer satisfaction has been one of the top tools for a successful business and have a positive effect in the profitability revenues of the company.

In addition, the study concurs with Balakrishnan and Krishnaveni (2014) who posits that Customer Relationship Management is a management approach that enables organizations to identify, attract, and increase retention of profitable customers by managing relationships with clients. Customer loyalty is highly dependent on customer relationship management as argued by Omar, Musa and Nazri (2007). Further, Henard and Dacin (2010) posit that innovation today has become an

important strategic tool as many of the biggest companies in the world collectively spend billions of dollars each year on research and development, making it almost inseparable from the company's own reputation which in turn influences customer loyalty.

Influence of Independent Variables on Customer Loyalty

The study sought to assess which of the variables; service quality, customer relationship management, innovation, and customer satisfaction - best influences customer loyalty using stepwise multiple regression analysis.

Table 9 *Model Summary*

				Std. Error of
Model	R	R Square	Adjusted R Square	the Estimate
1	$.498^{a}$.248	.244	.29614
2	.541 ^b	.293	.285	.28794
3	.594°	.353	.343	.27608
4	.623 ^d	.388	.376	.26912

- a. Predictors: (Constant), Service Quality
- b. Predictors: (Constant), Service Quality, Customer Satisfaction
- c. Predictors: (Constant), Service Quality, Customer Satisfaction, Customer Relationship Management
- d. Predictors: (Constant), Service Quality, Customer Satisfaction, Customer Relationship Management, Innovation

The R-Square is the proportion of variance in the dependent variable (Customer Loyalty) which can be explained by the independent variables (Customer Satisfaction, Customer Relationship Management, Innovation and Service Quality). From the model, the percentage of the variance in customer loyalty that is explained by each independent variable is as follows (from the adjusted R-square column):

Service Quality: 0.244 = 24.4%

Customer Satisfaction: 0.285 - 244 = 4.1%

Customer Relationship Management: 0.343 - 285 = 5.8%

Innovation: 0.376 - 0.343 = 3.3%

The analysis above depicts that service quality influences customer loyalty most, followed by customer relationship management, customer satisfaction and finally innovation.

Table 10

Analysis of Variance

M	odel	Sum of Squares	df	Mean Square	F	Sig.
	Regression	8.785	4	2.196	30.326	.000 ^b
1	Residual	13.833	191	.072		
	Total	22.618	195			

a. Dependent Variable: Customer Loyalty

Source: Survey, (2018)

To determine whether the model was fit for the collected data, analysis of variance was used. According to the research findings, the p-value was 0.000 which is less than 0.05 (Gelman, 2012) and this approved that the model used was reliable in determining how independent variables (Customer Satisfaction, Customer Relationship Management, Innovation and Service Quality) influence Customer Loyalty in Seventh-day Adventist Church's Guest Houses in Kenya. Further, the F-calculated (30.326) was more than the F-critical (2.46) and this means that the model was fit in looking into the effect of Customer Satisfaction, Customer Relationship Management, Innovation and Service Quality on Customer Loyalty.

b. Predictors: (Constant), Customer Satisfaction, Customer Relationship Management, Innovation, Service Quality

Table 11

Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	В	Std. Error	Beta	t	Sig.
(Constant)	2.161	.208		10.388	.000
Service Quality	.477	.086	.535	5.556	.000
Customer Satisfaction	532	.095	587	-5.623	.000
Customer Relationship					
Management	.313	.077	.340	4.088	.000
Innovation	.197	.059	.278	3.327	.001

a. Dependent Variable: Customer Loyalty

Source: Research Data (2018)

Based on the table above, the equation for the regression line is: $Y = 2.161 + 0.477X_1 + -0.532X_2 + 0.313X_3 + 0.197X_4. \ According to the intercept (B_0),$ when the four independent variables are held constant, the value of Customer Loyalty in Seventh-day Adventist Church's Guest Houses in Kenya will be 2.161. In addition, holding all the other independent variables constant, a unit increase in service quality would lead to a 0.477 increase in customer loyalty. The relationship was significant as shown by a p-value of 0.000. Further, the study showed that holding on the other independent variables constant, a unit decrease in customer satisfaction would lead to a 0.532 increase in customer loyalty. However, the relationship was significant as shown by p-value of 0.000.

In addition, holding all the other variables constant, a unit increase in customer relationship would lead to a 0.313 increase in customer loyalty. The relationship is significant as shown by a p-value of 0.000. Lastly, the findings show that a unit

increase in innovation would lead to a 0.197 increase in customer loyalty. The relationship was insignificant as shown by a p-value of 0.001. The analysis above shows that service quality influences customer loyalty, followed by customer relationship management, customer satisfaction and finally innovation.

Middle-level Management Views on How to Improve Customer Loyalty

Asked why their respective facilities do not meet guests' expectation and hence customer loyalty inadequacy, the middle level managers quoted, mismanagement, misplaced priorities, job insecurity and low staff morale, lack of funds and competitions as possible reasons. In trying to give solutions to their current challenges, each of the respondent answered in affirmation that to improve customer loyalty, staff welfare should be improved as well. The managers suggested adequate training among the service crew, consultative leadership model, job security, sufficient financial allocation and aggressive marketing function as possible solutions to address customer loyalty challenges. This concurs with Chang, Gong and Schum (2011) who found out that that extensive training of customer-contact staff is of particular importance in encouraging innovation since they are the people who often generate ideas for innovation. In addition, the study concurs with Schulz (2012) who posits that successful hotel businesses view customer oriented marketing as a key strategy in obtaining customer loyalty prospects.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND

RECOMMENDATIONS

Summary

The catering institutions have over the years suffered businesses losses to their competitors as a result of inappropriate customer care practices which do not yield customer loyalty prospects as assumed by this study. Thus the scenario precipitated the need for this study to establish viable customer care practices likely to resuscitate the facilities into performance. Thus, the study sought to establish the customer loyalty capacity of the three Seventh-day Adventist Church's Guest Houses in Kenya. The research hinged this study on Customer Care Theory (CCT) based on Expectancy-Disconfirmation Paradigm (EDP). The model implies that consumers purchase goods and services with pre-purchase expectations about the anticipated performance. Further, the study thus adopted descriptive survey research design because of its appropriateness in obtaining required quantity of data to run quantitative analysis. A correlation design was also be used to assess relationship between variables. The target populations were synonymous to the average weekly room occupancy of 224 and 15 middle level managers overseeing operations in the five key hotel departments this study view as service points. The study used a questionnaire and interview guide to collect data. The researcher conducted a pilot study to test the validity and reliability of research instrument. The researcher used trained research assistants to administer the questionnaires and interview guides to respective study respondents.

Summary of Findings

In regard to customer loyalty, the study established that majority of the clients say positive things about the guest houses to others, encourage others to visit the guest house and that they are willing to give support to this facility through guests' feedback survey program in this guest house. In addition, the study found that majority of clients recommends their respective Guest House to their friends and family members and that they like staying in the Guest House. Also, the clients consider the Guest House their first choice when they travel to the area and they will keep coming to this Guest House at all cost. In addition, majority of the clients book early to avoid any disappointment of missing a room in this Guest House. However, the study established that there was inadequate training on staff on current affairs on customer services and high competition in the industry were some of the challenges encountered in the Guest Houses.

The study revealed that there was service quality in Guest Houses in Seventh-day Adventist Churches in Kenya. Guests have quick check-in/out procedures, friendly and professional service crew, quality food delicacies and staffs are quick to attend to their orders. In addition, the study established that services offered by various Guest Houses met the clients' expectation. The study established that there was good Customer Relationship Management, Guest Houses in of Seventh-day Adventist Church's in Kenya. The study established that the Guest House employees are willing to help customers in a responsive manner and that Guest House makes an effort to find out what a customer needs. The study established that customers are able to make advance booking online or by phone and are assured of prompt confirmation in this guest house and that the facility provides customized services and products to customers.

In regard to innovation, the study established that the Guest House compound is safe and the guest rooms have secured locks. The study established that availability of materials for use especially for customers, availability of ample place for relaxing, initiation programs for the children, availability of free internet, that is, Wi-Fi and E-marketing/social media communication and programme to aid guests to check in/check out enhance guest comfort in the rooms were available. However, the study established that the clients were not fully satisfied that the guest house had perfected the technique of adding value to products and services offered and that the facility had a unique way of keeping the interior décor friendly through music, flowers, pictures and paint. The facility's marketing department is not using technology to reach out to global clients through live chats and other social media.

In relation to the level of customer satisfaction to customers of Seventh-day Adventist Church's Guest Houses in Kenya, the study found that clients in Guest Houses were satisfied with the atmosphere of the Guest house and with the room cleanliness, room comfort and with quickness and efficiency of staff. Also, the clients were satisfied with the physical appearance of the reception area and the ambiance of the reception areas. However, the study revealed that clients were not fully satisfied with the overall services provided by the Guest House and with the quality of food and beverages and room amenities such as TV, lamp, phone and WIFI.

Conclusions

This study sheds light on the most important success factor of any business aiming to nurture customer loyalty. Customer loyalty is equally important for all types of businesses this is why every business wants to keep their customer satisfied and always try to not only satisfy them but also make them come back. In the service industry, making customer loyal is quite complex kind of job as compared to other

business

In this study, the interrelationship of studied variables including customer satisfaction, customer relationship management, innovation, service quality and customer loyalty were examined by correlation analysis and regression model. The findings imply that all variables had mean value of greater than average on a five point Likert scale and customer satisfaction as an important variable had the highest mean value. Customers who have higher rating of the guesthouse's service quality, customer relationship management, and innovation and who are highly satisfied tend to have a higher extent of loyalty.

The study established that there was good Customer Relationship

Management, Guest Houses in of Seventh-day Adventist Church's in Kenya. The
study concludes that there is a positive significant relationship between customer
relationship management and customer loyalty. It was the second most influential
customer care practice to customer loyalty.

In regard to innovation, the study established that the Guest House compound is safe and the guest rooms have secured locks. The study established that availability of materials for use especially for customers, availability of ample place for relaxing, initiation programs for the children, availability of free internet, that is, Wi-Fi and E-marketing/social media communication and programme to aid guests to check in/check out enhance guest comfort in the rooms were available. The study concludes that there is a positive significant relationship between innovation and customer loyalty. In relation to the level of customer satisfaction to customers of Seventh-day Adventist Church's Guest Houses in Kenya, the study found that clients in guest houses were satisfied with the atmosphere of the guest house and with the room cleanliness, room comfort and with quickness and efficiency of staff. Also, the clients

were satisfied with the physical appearance of the reception area and the ambiance of the reception areas. The study established that there is a positive significant relationship between innovation and customer loyalty.

The finding of this paper provides great competitive advantage to hotel managers who have interest to improve their customer loyalty. Since most of the service providers are looking for the ways to improve their own profitability, the finding of this research can help the companies to increase their profit through customer loyalty approach. This paper also has some limitations though. The adapted questionnaire in this research considered only few variables. The results are also limited to three Guest Houses associated with Seventh-day Adventist Church's in Kenya and cannot be generalized to other hotels and service providers of the hospitality industry in its entirety. These two important issues provide good opportunities for further development of the subject in future studies.

Recommendations

Based on the study findings and their conclusions, a number of recommendations focusing on improving customer loyalty in in Seventh - day Adventist church's Guest Houses can be made. The study has the following recommendations:

Service quality is one of the critical success factors that influence the competitiveness of an organization. A Guest House can differentiate itself from competitors by providing high quality service. To survive in the competitive hospitality industry, Guest Houses have to develop new strategies which will satisfy their customers. Guest House managers need to invest in human capital. Employee training programs that provide employees with an understanding of service culture and service excellence should be emphasized when it comes to employee

development. Employee training programs should focus on interpersonal communication and customer care areas in order to meet the customers' need at a personal level.

The hotel industry should strive to ensure that they have in place highly effective customer relationship management systems. When this is done by the hotels, they will be in a position to gain the numerous benefits which are associated with customer relationship management systems, key among them enhancement of the level of customer loyalty. The management of the Adventist Guest Houses should use the findings of this study in understanding CRM practices and ways of dealing with challenges of implementing these CRM practices in order to achieve highest level of customer loyalty.

The Guest Houses run by Seventh - day Adventist Church need to introduced innovative cuisine in the local market and therefore maintain its high worth brand. Also the facilities ought to supplement its products with new features and specifications for the customers. The Guest Houses need to maintain its delivery method to guarantee customer loyalty. In addition, the Guest Houses also need to ensure quality standards of services and products are continuously improved and well maintained. These Adventist hotel outlets needs to ensure that its assets are up to date by the acquisition of modern equipment to ensure clients satisfaction. There is also need to inform clients on the benefits of using the innovative communication apps.

The study further suggests that if the management of Guest Houses would like to increase customer loyalty; they should formulate and implement some unique strategies to satisfy their customers. The managers should conduct customer surveys regularly and incorporate feedback in the changes desired by the customers. The hospitality facilities should invest in training programs for their employees in to make

them more effective when serving customers, especially in handling customer complaints. This can help to improve customer satisfaction by reducing attritions from dissatisfied customers.

Recommendations for Further Research

The study focused on the influence of customer care practices on customer loyalty in Seventh-Day Adventist Church's thus there is need for a similar study to be carried out with an aim of exploring other factors that would influence customer loyalty in the hotel sector. Further, the study was limited to only guesthouses owned by the Seventh - day Adventist Church. This therefore means that there is need for a similar study to be undertaken focusing on other hotel and catering facilities that are not able to perform optimally.

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APPENDICES

Preamble

I am an MBA student at University of Eastern Africa, Baraton carrying out a

research on "Customer Care Practices Influencing Customer Loyalty in Seventh -

day Adventist Church's Guest Houses in Kenya". The study is aimed at exploring the

appropriate customer care practices that are likely to spur business performance of

Seventh-day Church's Guest Houses in Kenya.

The findings of this study were purely for academic purposes. The identity of

the respondents was treated as anonymous and therefore insertion of personal details

is unnecessary. I am pleased to welcome you as one of the respondents with vast

knowledge and experience on the phenomenon under study that will richly benefit

the study. Kindly spare your 10 minutes to respond truthfully to the questions posed

to you in each the sections of this questionnaire.

Thank you in advance for your cooperation.

Yours faithfully,

Elkanah Ombiro Mogaka (Student)

Admission No. SELKMO1711

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Appendix I: Consent to Participate in the Research Study

University of Eastern Africa, Baraton - Kenya, MA

Title of Study

CUSTOMER CARE PRACTICES INFLUENCING CUSTOMER LOYALTY IN SEVENTH-DAY ADVENTIST CHURCH'S GUEST HOUSES IN KENYA

Name of Principal Investigator

Elkanah Ombiro Mogaka

(MA Student, University of Eastern Africa, Baraton)

Name of 1st Co-investigator

Prof. Elizabeth Role (University of Eastern Africa, Baraton)

Name of 2^{nd} Co-investigator

Prof. Corazon Banaga (University of Eastern Africa, Baraton)

Introduction

I wish to welcome you to participate in this research study aimed at understanding Customer Care Practices Influencing Customer Loyalty in Seventh-day Adventist Church's Guest Houses in Kenya. You were selected as a possible participant because of your vast experience in the subject matter and as a client at the sampled areas. Kindly read this form and ask any questions that you may have before agreeing to be involved.

Purpose of study

The purpose of the study is purely academic to understand the extend customer satisfaction, service quality, customer relationship management and innovation affect customer loyalty. Ultimately, this research may be published as an academic paper.

Description of the study procedures

If you agree to be in this study, you will be asked to answer questions appearing in a questionnaire/interview guide you will be given

Risks/discomforts of being in this study

There are no reasonable foreseeable (or expected) risks. There may be unknown risks either.

Benefits of being in the study

There may not be direct benefits apart from a sense of responsibility as part of the dream team that will take part in formulating viable customer care practices to meet clients' needs in hotel industry.

Confidentiality

This study will keep your identity anonymous

Payments

This exercise is purely academic and voluntary. There will be no monetary incentive for you to participate

Right to refuse or withdraw

The decision to participate in this study is entirely upon you. Your decision will not affect your relationship with the researcher or that of Kenyatta University as a learning institution

Right to raise concerns

You have a right to ask the researcher of this study any of your concerns. If you have any

further questions about the study, at any time feel free to contact the researcher on email melkanah2@gmail.com or mobile No. 0721 987 683. If you have any other question about your rights as a research participant that may not have been answered by the researcher, you may contact Prof. Corazon Banaga - the Dean of students in the School of Business, University of Eastern Africa Baraton, mobile No. 0775 095 039.

Consent

Your signature below indicates that you have decided to volunteer as the research participant for this study, and that you have read and understood the information provided above. You will be given a signed and dated copy of this form to keep, along with any other printed materials deemed necessary by the study researcher:

Participant's Name	 	
Participant's Signature		
Researcher's Name		
Researcher's Signature		
Nescarcher s Signature	 	

Appendix II: Questionnaire for Guest Houses Customers

Instruction:

Please tick in the appropriate box and also fill in the blank spaces provided.

Section A. Demographic Characteristics

Please indicate your gender?
 Male () Female ()
 Please indicate your age group?
 21-35 years () 36-50 years () 51-65 year () Over 65 years ()
 What is your marital status?
 Married () Single () Widowed () Other ()
 Please indicate the highest level of education attained?
 Never went to school () Primary level () Secondary level () College () University level ()
 How many times have you stayed in this Guest House?
 First time () Twice () Three times () Four times or more ()

Instruction: For sections B, C, D and E, circle the number that corresponds to the extent of your agreement or disagreement to the statements given using the following scale:

4 -Agree 3 -Tend to Agree 2 -Tend to Disagree 1 -Disagree.

Kindly purpose to provide answers as honestly and objectively as possible.

Section B: Service Quality

Custom	Customer view on the level of service quality in the Guest House			TD	D
1	The guest house has quick check-in/out procedures	4	3	2	1
2	The restaurant staff are quick to attend to my orders	4	3	2	1
3	The guest house room is comfortable and well maintained	4	3	2	1
4 The facility's management is handy to solve my complaints		4	3	2	1
5	5 The standard of services I am receiving meets my expectation		3	2	1
6	This guest house has friendly and professional service crew	4	3	2	1
7	The facility's restaurant sells quality food delicacies	4	3	2	1
8 The services offered by this guest house meets my		4	3	2	1
	expectation				
9	The guest house is quick to apologize for any inconvenience	4	3	2	1

Section C: Customer Relationship Management

Custo	mer view on the Guest House's customer relationship				
mana	gement	A	TA	TD	D
1	Through ongoing dialogue, the guest house works with	4	3	2	1
	individual customers to customize its offerings				
2	The guest house employees are willing to help customers in a	4	3	2	1
	responsive manner				
3	The facility provides customized services and products to	4	3	2	1
	customers				
4	This facility provides channels to enable ongoing, two-way	4	3	2	1
	communication with employees and customers				
5	The guest house makes an effort to find out what a customer	4	3	2	1
	needs				
6	Customers are able to make advance booking online or by	4	3	2	1
	phone and are assured of prompt confirmation in this guest				
	house				

Section D: **Innovation**

Custo	mer's view on the Guest House's innovativeness	A	TA	TD	D
1	This guest house has perfected the technique of adding value to products and services offered	4	3	2	1
2	The facility has a unique way of keeping the interior décor friendly through music, flowers, pictures, paint etc	4	3	2	1
3	The guest house restaurant is innovative considering the kind of menu they prepare every day	4	3	2	1
4	Customers in this guest house are highly regarded and as a result they are involved in the establishment's decision making	4	3	2	1
5	The facility's marketing department is using technology to reach out to global clients through live chats and other social media platforms	4	3	2	1
6	The guest house compound is safe and the guest rooms have secured locks	4	3	2	1

Section E: Customer Loyalty

	2. Customer Loyalty				
Custon	mer's view of whether to become a repeated client of the				
Guest	House	A	TA	TD	D
1	I will keep coming to this guest house at all cost		3	2	1
2	I will encourage others to visit this guest house	4	3	2	1
3	I am willing to give support to this facility through guests' feedback survey program in this guest house	4	3	2	1
4	I will always book early to avoid any disappointment of missing a room in this guest house	4	3	2	1
5	I say positive things about this guest house to others	4	3	2	1

6	I really like staying in this Guest house	4	3	2	1
7	I consider this guest house my first choice when I travel to this area	4	3	2	1
8	I would highly recommend this Guest house to my friends and family members	4	3	2	1

Section F. Customer Satisfaction

Please rate the following areas using the following scale:

- 4 Satisfied (S) 3 Tend to be satisfied (TS) 2 Tend to be dissatisfied (TD)
- 1 Dissatisfied (D)

Kindly purpose to provide answers as honestly and objectively as possible.

Custo	Customer's view on the Guest House's customer Satisfaction				D
1	Quickness and efficiency of staff	4	3	2	1
2	Physical appearance of the reception area	4	3	2	1
3	Ambiance of the reception area	4	3	2	1
4	Room amenities (TV, lamp, phone, WIFI etc.)	4	3	2	1
5	Room comfort	4	3	2	1
6	Room cleanliness	4	3	2	1
7	Quality of food and beverages	4	3	2	1
8	Atmosphere of the guest house	4	3	2	1
9	Overall services provided by the guest house	4	3	2	1

Thank you for your time!!!

Appendix III: Interview Guide for Middle Level Managers

Instructions

Kindly spare your time to provide answers as honestly and objectively as possible. Do not include your name on the questionnaire. Participation will be voluntary and information will be used for research purpose only.

A: Respondents Details

1. Position of the respondent.....

B: Service Quality

- 2. In your own assessment, are there challenges that undermining the Guest House from offering optimum service quality?
- **3.** Do you think customer loyalty have a bearing on service quality?
- **4.** How would rate your service quality level as a Guest House?

C. Customer Satisfaction

- **5.** How often do you clients complain about dissatisfaction of services provided?
- **6.** Do you think the Guest House is doing the best in satisfying her customers'

needs?

7. Are there incidences where you lose customers as a result of dissatisfaction?

D. Customer Relationship Management

- **8.** What are some of your customer relationship Management strategies in place?
- **9.** How does your clients perceive your customer relationship management programs?

10. How does your facility rate in terms of customer relationship management with your competitors around?

E. Innovation

- **11.** What are some of the innovation has your establishment has created to enhance guests' comfort?
- **12.** Are you able to recall any strategy the management has put in place to encourage innovation?
- **13.** How has technology blended with innovation to enhance customer experience and satisfaction?

F. General Questions

- **14.** In your own opinion why is your Guest House not performing optimally?
- **15.** How would rate your customer loyalty capacity as a Guest House?
- **16.** Which strategy does your establishment use to encourage repeat business from her customers?

Thank you for your time

Appendix IV: Reliability Analysis

Reliability (Service Quality)

Reliability Statistics

Cronbach's Alpha	N of Items
.806	9

Item-Total Statistics

-	item-10	otal Statistics		
	Scale Mean if	Scale Variance if	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
The guest house has quick check-in/out procedures	28.57	10.365	.367	.803
The restaurant staff are quick to attend to my orders	28.81	9.823	.448	.794
The guest house room is comfortable and well	28.75	9.068	.558	.780
maintained	20.70	3.000	.000	.700
The facility's management is handy to solve my complaints	28.70	9.050	.633	.768
The standard of services I am				
receiving meets my expectation	28.69	9.430	.601	.774
This guest house has friendly and professional service crew	28.66	9.827	.491	.788
The facility's restaurant sells quality food delicacies	28.79	11.101	.198	.819
The services offered by this guest house meets my	28.81	9.920	.547	.783
expectation		5.020	.011	., 00
The guest house is quick to apologize for any	28.61	9.098	.643	.767
inconvenience				

Mean	Variance	Std. Deviation	N of Items
32.30	12.039	3.470	9

Reliability (Customer Relationship Management)

Reliability Statistics

Cronbach's Alpha	N of Items
.707	6

Item-Total Statistics

	Item-I c	otal Statistics		
				Cronbach's
	Scale Mean if	Scale Variance if	Corrected Item-	Alpha if Item
	Item Deleted	Item Deleted	Total Correlation	Deleted
Through ongoing dialogue,				
the guest house works with	40.44	0.070	504	0.40
individual customers to	18.11	3.670	.521	.642
customize its offerings				
The guest house employees				
are willing to help customers	17.85	3.815	.526	.644
in a responsive manner				
The facility provides				
customized services and	18.12	3.672	.470	.657
products to customers				
This facility provides				
channels to enable ongoing,	18.08	3.346	.585	.615
two-way communication with	10.06	3.346	.565	.015
employees and customers				
The guest house makes an				
effort to find out what a	17.97	3.580	.568	.626
customer needs				
Customers are able to make				
advance booking online or by				
phone and are assured of	17.98	4.743	.030	.783
prompt confirmation in this				
guest house				

Mean	Variance	Std. Deviation	N of Items
21.62	5.175	2.275	6

Reliability (Innovation)

Reliability Statistics

Cronbach's Alpha	N of Items	
.768	6	

Item-Total Statistics

Item-Total Statistics				
				Cronbach's
	Scale Mean if	Scale Variance if	Corrected Item-	Alpha if Item
	Item Deleted	Item Deleted	Total Correlation	Deleted
This guest house has				
perfected the technique of	16.37	7.183	.430	.754
adding value to products and	10.37	7.103	.430	.754
services offered				
The facility has a unique way				
of keeping the interior décor	16.49	5.858	.657	.693
friendly through music,	10.49	5.656	.657	.093
flowers, pictures, paint etc				
The guest house restaurant is				
innovative considering the	16.55	5.960	.647	.697
kind of menu they prepare	16.55	5.960	.047	.097
every day				
Customers in this guest				
house are highly regarded				
and as a result they are	16.59	6.348	.474	.745
involved in the	16.59	0.346	.474	.745
establishment's decision				
making				
The facility's marketing				
department is using				
technology to reach out to	16.52	5.430	.558	.729
global clients through live	10.52	5.430	.556	.729
chats and other social media				
platforms				
The guest house compound				
is safe and the guest rooms	15.87	7.880	.371	.769
have secured locks				

Mean	Variance	Std. Deviation	N of Items	
19.68	8.867	2.978	6	

Reliability (Customer Loyalty)

Reliability Statistics

Cronbach's Alpha	N of Items
.859	8

Item-Total Statistics

Item-Total Statistics				
	Scale Mean if	Scale Variance if	Corrected Item-	Cronbach's Alpha if Item
I will keep coming to this	Item Deleted	Item Deleted	Total Correlation	Deleted
guest house at all cost	26.53	5.669	.573	.848
I will encourage others to visit	26.36	5.734	.702	.830
this guest house	20.00	0.704	.702	.000
I am willing to give support to				
this facility through guests'	26.35	6.642	.432	.859
feedback survey program in				
this guest house				
I will always book early to				
avoid any disappointment of	26.61	5.531	.570	.851
missing a room in this guest				
house				
I say positive things about	26.33	5.861	.683	.833
this guest house to others	20.00	0.00	.000	.000
I really like staying in this	26.36	5.809	.800	.823
Guest house	20.00	0.000	.000	.020
I consider this guest house				
my first choice when I travel	26.43	6.426	.412	.862
to this area				
I would highly recommend				
this Guest house to my	26.37	5.842	.773	.825
friends and family members				

Mean	Variance	Std. Deviation	N of Items
30.19	7.604	2.758	8

Reliability (Customer Satisfaction)

Reliability Statistics

Cronbach's Alpha	N of Items
.813	9

Item-Total Statistics

Item-Total Statistics				
				Cronbach's
	Scale Mean if	Scale Variance if	Corrected Item-	Alpha if Item
	Item Deleted	Item Deleted	Total Correlation	Deleted
Quickness and efficiency of	20.22	0.400	507	700
staff	28.23	9.196	.527	.792
Physical appearance of the	28.28	8.909	.578	.785
reception area	20.20	6.909	.576	.765
Ambiance of the reception	28.28	9.145	.597	.784
area	20.20	0.140	.007	.704
Room amenities (TV, lamp,	28.59	8.671	.476	.805
phone, WIFI etc.)	20.55	0.071	.470	.003
Room comfort	28.15	9.928	.453	.801
Room cleanliness	28.05	9.158	.644	.780
Quality of food and	28.38	10.633	.170	.831
beverages	20.30	10.033	.170	.031
Atmosphere of the guest	28.03	9.806	.475	.799
house	20.03	9.000	.473	.199
Overall services provided by	28.34	8.491	.731	.765
the guest house	20.04	0. 1 91	.731	.705

Mean	Variance	Std. Deviation	N of Items
31.79	11.534	3.396	9

Appendix V: Research Authorization Letters and Permit



OFFICE OF THE DIRECTOR OF GRADUATE STUDIES AND RESEARCH

UNIVERSITY OF EASTERN AFRICA, BARATON

P. O. Box 2500-30100, Eldoret, Kenya, East Africa

August 2, 2018

Elkanah Ombiro Mogaka University of Eastern Africa, Baraton School of Business

Dear Elkanah,

Re: ETHICS CLEARANCE FOR RESEARCH PROPOSAL (REC: UEAB/1/8/2018)

Your research proposal entitled "Customer Care Practices Influencing Client Retention and Loyalty in Seventh-Day Adventist Church's Guesthouses in Kenya" was discussed by the Research Ethics Committee (REC) of the University and your request for ethics clearance was granted approval.

This approval is for one year effective August 2, 2018 until August 1, 2019. For any extension beyond this time period, you will need to apply to this committee one month prior to expiry date.

Note that you will need a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI) and clearance from the study site before you start gathering your data.

We wish you success in your research.

Sincerely yours,

Prof. Jackie K. Obey, PhD

Chairperson, Research Ethics Committee

0 2 AUG 2018

A SEVENTH-DAY ADVENTIST INSTITUTION OF H IGHER LEARNING CHARTERED 1991



OFFICE OF THE DIRECTOR OF GRADUATE STUDIES AND RESEARCH

UNIVERSITY OF EASTERN AFRICA, BARATON P.O. Box 2500, Eldoret, Kenya

7 September, 2018

TO WHOM IT MAY CONCERN

Re: PILOT STUDY OF RESEARCH INSTRUMENT

Mr. Elkana Ombiro Mogaka is a graduate student pursuing Master of Business Administration in Management and Marketing at the University of Eastern Africa, Baraton. He is currently writing his thesis entitled *Influence of customer care practices to client retention in seventh day guesthouses in Kenya*.

To establish the reliability of his research instrument, Mr. Mogaka is conducting a pilot study. Please allow him to administer his questionnaires to selected respondents in your institution.

Any assistance you will grant him will be greatly appreciated. May God richly bless you in all

your undertakings.

Sincerely yours

Prof. Korso Gude

Ag. Director

Cc: Chair Department of Management

Office file

A SEVENTH-DAY ADVENTIST INSTITUTION OF HIGHER LEARNING CHARTERED 1991



OFFICE OF DIRECTOR OF GRADUATE STUDIES AND RESEARCH

UNIVERSITY OF EASTERN AFRICA, BARATON P.O. Box 2500, Eldoret, Kenya

19 September, 2018

TO WHOM IT MAY CONCERN

Re: REQUEST FOR PERMISSION TO GATHER RESEARCH DATA

Mr. Elkana Ombiro Mogaka is a graduate student pursuing Master of Business Administration in Management and Marketing at the University of Eastern Africa, Baraton. He is currently writing his thesis entitled *Influence of customer care practices to client retention in seventh day guesthouses in Kenya*.

I am requesting you to please allow him to administer his questionnaire to selected respondents in your organization. He will gather his data within the months of October and November 2018.

Any assistance you will grant him will be greatly appreciated. May God richly bless you in all your undertakings.

Sincerely yours

Prof. Korso Gude Ag. Director

Cc: Chair Department of Management

Office file

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OFFICE OF DIRECTOR OF GRADUATE STUDIES AND RESEARCH

UNIVERSITY OF EASTERN AFRICA, BARATON P.O. Box 2500, Eldoret, Kenya

7 September, 2018

National Council for Science, Technology, and Innovation P.O. Box 30623 – 00100 Nairobi, Kenya

Dear Sir/Madam

Mr. Elkana Ombiro Mogaka is a graduate student pursuing the degree Master of Business Administration in Management at the University of Eastern Africa, Baraton. He is currently writing his thesis entitled *Influence of customer care practices to client retention in seventh day guesthouses in Kenya*.

I am asking you to please allow him to conduct his research in selected seventh day guesthouses in Kenya. The research permit you will grant him will surely facilitate his data-gathering.

Any assistance you will grant him will be greatly appreciated. May God richly bless you in all

your undertakings.

Sincerely yours,

Prof. Korso Gude

Ag. Director

Cc: Chair, Department of Education

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NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420 Fax:+254-20-318245,318249 Email: dg@nacosti.go.ke Website: www.nacosti.go.ke When replying please quote NACOSTI, Upper Kabete Off Waiyaki Way P.O. Box 30623-00100 NAIROBI-KENYA

Ref: No. NACOSTI/P/18/75756/25209

Date: 24th September, 2018

Elkanah Ombiro Mogaka University of Eastern Africa, Baraton, P.O. Box 2500-30100 **ELDORET.**

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "Customer care practices influencing client retention and loyalty in Seventh-Day Adventist Church's guest houses in Kenya" I am pleased to inform you that you have been authorized to undertake research in Kilifi, Nairobi and Uasin Gishu Counties for the period ending 20th September, 2019.

You are advised to report to the County Commissioners and the County Directors of Education, Kilifi, Nairobi and Uasin Gishu Counties before embarking on the research project.

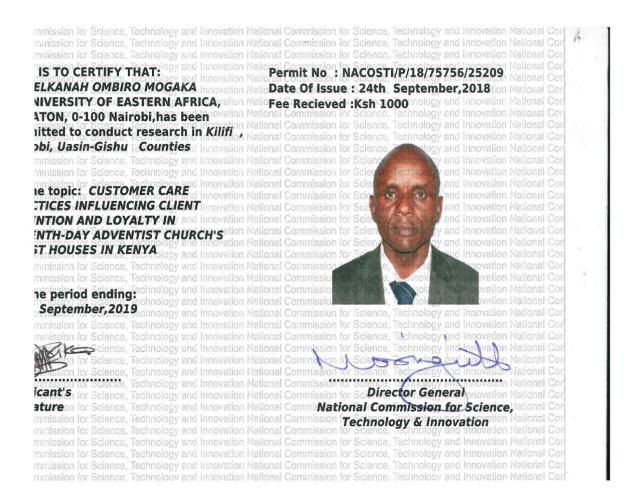
Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

DR. MOSES RUGUTT, PHD, OGW DIRECTOR GENERAL/CEO

Copy to:

The County Commissioner Kilifi County.

National Commission for Science. Technology and Innovation is ISO9001:2008 Certified



Appendix VI: Researcher's Curriculum Vitae

PERSONAL DETAILS

ELKANAHOMBIROMOGAKA

P.O. BOX 42276 – 00100, NAIROBI. **Mobile phone No.** 0721 987 683 / 0733 766 011 **E-mail**:melkanah2@gmail.com

COMMUNICATION

LANGUAGES

Fluent in English, Kiswahili and Ekegusii

CAREER OBJECTIVE

Seeking to enhance financial sustainability of business organizations through introduction of appropriate marketing models

SPECIAL ATTRIBUTES

- 1. A team player and influential manager with outstanding interpersonal attributes
- 2. A self-motivated and results oriented leader
- **3.** An all-inclusive and visionary leader with strong analytical, innovative and decision making skills
- 4. One with good command of written and verbal communication skills seasoned with candid negotiating skills

EDUCATION BACKGROUND

- 2008 to 2011: Daystar University BA Community Development
- 1987 to 1990: Nyanturago High School KCSE

PROFESSIONAL EXPERIENCE

A. Company : SDA Church's LMS Guest House & Conference

Centre

Position : Marketing Executive

Duration: July 2016 to date.

Duties & Responsibilities

1. Handle guests complaints and concerns

- 2. Advise the management on pricing strategy
- 3. Develop and maintain customer loyalty strategies
- 4. Organize and plan marketing promotional programs
- 5. Use of research and innovation to address guests' needs
- 6. Keep the organization's presence on social media up to date
- 7. Acquisition of new clients and maintenance of existing ones
- 8. Sit in LMS' Administrative committee as the marketing executive
- 9. Assume liaison and public relations roles on behalf of management
- 10. Develop and advice management on revenue maximization strategies

B. Company : Seventh-day
Adventist Church Secretariat
Position : Programmes'

Manager

Duration: January 2004 – June 30th 2016

Duties & Responsibilities

- 1. Proposal development
- 2. Relief management
- 3. Need assessment tasks
- 4. Capacity building training
- 5. Christian guidance and counseling
- **6.** Project development and management
- 7. Resource mobilization and management
- 8. Planning, monitoring and evaluation(PME)
- 9. Reports' compilation and dispatch to donor(s)

INTERESTS

• Playing piano, listening and training choirs, driving and touring

RELIGIOUS AFFILIATION

Christian

REFEREES

PAUL KIMWOMI

General Manager

SDA Church's LMS Guest House & Conference

P.O BOX 42276-00100

Tel +254 733 699 918

Nairobi, KENYA.

PR. SAMUEL MAKORI

President

SDA Church East

African Union P.O

BOX 42276-00100

Tel +254 724 240 885

Nairobi, KENYA.

BISHOP GREGORY NALIANYA

Senior Lecturer

Daystar University

P.O BOX 44400 - 00100

Tel +254 722 806 878

Nairobi, KENYA.