
The Effects Of Customer Relationship Marketing On Customer Retention. The Case Study Of Source Of The Nile

Hotel Jinja

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Abstract

Enterprises are struggling to effectively utilize the modern marketing and advertising disciplines to highly compete in today's competitive and changing work environment. The purpose of this study was to examine the effect of customer relationship marketing on customer retention in Uganda. The study was guided by three objectives namely; to examine the effect of continuous customer monitoring on repeat purchase, to examine the effect of customer life cycle on customer trust and to examine the effect of customer satisfaction on repeat purchase at source of the Nile hotel Jinja. The study adopted marketing theories and a descriptive survey design with a population of 30 respondents. Questionnaires were the main data collection instrument. Data collected was analyzed and recorded using statistical packages and reported in form of tables indicating frequencies and percentage. The study findings indicate that customer relationship marketing positively affects customer retention through customer satisfaction, customer monitoring and customer life cycle. The study recommends that source of the Nile hotel should increase on the number of its employees who are responsible for monitoring, managing and responding to customers, to effectively promote and brand the organization through creating a standard logo for the organization and put more outlet shopping centers and customer service centers for effective management of customer complaints and satisfactions.

Keywords: Customer Relationship Marketing On Customer Retention

Background of the study

Marketing is one of the core disciplines of a successful management today. It impacts societies in a myriad of ways while creating new products and services (Damasus et al., 2023); helping organizations understand what people want and need; helping people find products and services that meet their needs; communicate information that makes peoples' lives more efficient and create exchanges that generate employment and wealth (Allan et al., 2023). But marketing also raises ethical issues about excess consumption, unhealthy obsessions and addictions, the impact that the product or service has on the environment and the communities in which we live (Ntirandekura & Friday, 2022).

(Oscar et al., 2023) defined relationship marketing in a financial institution as an approach to provide seamless coordination among process, people, information and technology that create positive experiences for a party each time he or she interacts with the institution (Brighton et al., 2023). However Walsh et al., (2004) defined relationship marketing as "the activities carried out by organizations in order to attract, interact with, and retain more profitable or high net-worth customers". Based on the mentioned definition, we can say that relationship marketing seeks to increase customer profitability while providing better services to customers (Gracious, 2023).

According to Aaltonen, (2017), relationship marketing is

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“the business of attracting and enhancing long-term client relationships”. However, Gronroos (2015) stated that relationship marketing is “to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties are met (N. Faridah et al., 2023). There is a general agreement that the quality of relationship between the parties involved is an important determinant of the permanence and intensity of the relationship and the consequent. (Nelson, Christopher, Teddy, et al., 2022) maintained that relationship marketing is important in all areas of the organization since customers are the reason why the business exists.

Kotler and Keller (2007) argued that transactional marketing is becoming a thing of the past and the new trend is relational marketing. They identified relational marketing as establishing, maintaining, improving and if necessary, termination of relation. Termination of the relationship is a mutual benefit of both customer and the organization and this is achieved by mutual fulfilling of obligations and values (Kazaara & Christopher, 2023).

In fact, marketing efforts often account for more than half of the price of product. Based on the nature of marketing, it involves voluntary relationship where both sides must be willing parties. The parties must be able to communicate which could be through different instrument. Therefore, in today’s highly competitive environment, business needs to better understand the customers who are the most profitable, and how to best retain those customers. This understanding meets through different channels which one is CRM (Alex & Kazaara, 2023).

In the African context, the Lamptey (2014), conducted a study among the Ghanaian banking industry and the results showed that customer relationship marketing practices jointly have a significant influence on customer loyalty within the Ghanaian banking industry. This means that, marketers aiming at building and maintaining long term beneficial relationships with their customers hoping to win their loyalty must give special attention particularly to competence, commitment and communication (K. Faridah et al., 2023).

In Uganda, the hotel industry has experienced tremendous changes over the past decade due to the booming numbers of hotels in the country. The intense competition has raised the standards to unimaginable heights. In spite of the population of Ugandans and tourists visiting the country, the number of hotels, lodges, inns, restaurants among other recreational centers have grown high in the country. With all the hotels set on expanding their branches and other services, the competitive landscape is becoming more demanding every passing moment (Tasha et al., 2023). In order for the hotels to achieve competitive advantage as well as maintain and retain their customers, they need to incorporate CRM strategies as a strategic tool. Therefore, source of the Nile hotel in Jinja the most tourist destination center in Uganda and as one of the hotels fighting to overcome the hotels competitive advantage will need to incorporate customer relationship marketing strategies. Therefore, the need to conduct the study from source of the Nile hotel Jinja district (Micheal et al., 2023).

Problem statement

In the past, hotels were few and they took their customers for granted. Customers often did not have many alternative hotels, but the market was growing so fast that the hotel administrators did not worry about fully satisfying their customers (Ivan & Kazaara, 2023). However, following the increasing number of hospitality facilities, competition has assumed such alarming dimensions that the very survival of individual hotels has come under serious threat (Kazaara & Christopher, 2023). What is more is the growing customer acquisition cost, increased customer expectations and high rate of customer defection. Hotel administrators have realized the need to foster closer relationships with their customers in order to ensure customer loyalty and retention (Isaac et al., 2023). Relationship managers who are professionals, and willing to improve a firm's relationship with both partner firms and customers, are part of the business staffs that seek to use specific approaches to gain greater control over business relationships (Micheal et al., 2023). These managers facilitate good relationship such that the business maximizes mutual value of its relationships with customers and maintains a good reputation to both parties (Musaibah et al., 2023). For hotels to be productive, managers must focus on relationship marketing strategies that result in customer retention. Therefore, the study examined the effect of customer relationship marketing on customer retention at Source of the Nile hotel Jinja.

Specific objectives

1. To examine the effect of continuous customer monitoring on repeat purchases among customers of the source of the Nile hotel Jinja.
2. To examine the effect of customer life cycle on customer trust at the source of the Nile hotel Jinja.
3. To examine the effect of customer satisfaction on repeat purchases among customers of the source of the Nile hotel Jinja.

Methodology

Orodho (2000) defined a research design as the scheme, outline or plan that is used to generate answers to the research problems. This study used a descriptive research design with inclusion of both qualitative and quantitative approaches where respondents' views and opinions were sought and described according to customer relationship marketing and customer retention. The study covered 83 respondents including managers, waiters and waitresses, supervisors, chefs, bar attendants, house maids and customers. A sample size of 50 respondents was obtained from the population size of 83 respondents including.

Table 1: showing sample size and sampling method

Category	Sample size	Sampling technique
Hotel administrator	3	Purposive sampling method
Waiters and waitresses	20	Simple random sampling
Supervisors	3	Simple random sampling
Bar attendants	4	Simple random sampling
House maids	5	Simple random sampling
Customers	15	Cluster sampling method

Total	50	
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Primary data was collected by use of questionnaires and interview guides which were administered to respondents since they were the one to give firsthand information on the subject under study.

The study incorporated the use of various methods in the process of data collection in a bid to come up with sound, concrete and credible research findings. The researcher used questionnaires and interview guides in the process of collecting primary data. The advantage of using this method was that the data collected was unique to the researcher and there was no altering of data. The researcher used the following primary data collection tools. Questionnaires such as open ended and close ended questionnaires consisting of a series of questions drafted to collect information in relation to the research objectives or questions were used. Editing of collected data was done to make data ready and simpler for presentation. The filled questionnaires were edited one by one to correct errors done by the respondents. Data was edited in order to check for accuracy, completeness, consistency and uniformity using SPSS (Nelson, Christopher, & Milton, 2022). Edited data was analyzed quantitatively and qualitatively as follows; Quantitative data was grouped and statistical description such as tables showing frequencies and percentages for better interpretation are used. However, qualitative data was analyzed in a way of identifying responses from respondents that are relevant to the research problem. Mainly such data was analyzed by explaining the facts collected from the field under which the researcher was able to quote respondents' responses.

Results

Table 1: showing effect of continuous customer monitoring on repeat purchase

Continuous customer monitoring affect customer trust through	Strongly agree		Agree		Not sure		Disagree		Strongly disagree	
	F	%	F	%	F	%	F	%	F	%
Communication and conflict handling	21	70	7	23	2	7				
Measuring quality consistence	28	93	2	7						
Providing prescription information about the product	14	47	9	30			5	17	2	6
Binding organizational and customer relationship	27	93	1	3	2	6				
Keeping and providing a review of organizational commitment	26	87	3	10			1	3		

Source: Primary source 2023

From table 1, above 28 (93%) of the respondents strongly agreed that through measuring quality consistence results to customer trust while 2 (7%) agreed on the same statement. On Communication and conflict handling 21 (70%) strongly agreed, 7 (23%) agreed however 2 (7%) were not sure to the statement. Furthermore, the researcher examined keeping and providing a review of organizational commitment 26 (87%) strongly agreed, 3 (10%) agreed however 1 (3%) disagreed (K. Faridah et al., 2023). More so the researchers registered 27 (93%) who strongly agreed that through binding organizational and customer relationship and 1 (3%) agreed however 2 (6%) were not sure. Finally, the researchers found out that 14 (47%) strongly agreed through providing prescription information about the product, 9 (30%) agreed however 5 (17%) disagreed and 2 (6%) strongly disagreed (Kazaara & Kazaara, 2023).

The effect of customer life cycle on customer trust**Table 2: showing the effect of customer life cycle on customer trust**

The effect of customer life cycle on customer trust is through.	Strongly agree		Agree		Not sure		Disagree		Strongly disagree	
	F	%	F	%	F	%	F	%	F	%
Creations of relationship and satisfaction	26	87	4	13						
Sharing of thoughts	30	100								
Increase in quality of production	21	70	7	23			2	7		
Estimation of product life cycle	19	63	6	20	1	3	2	7	2	7
Consistence in quantity of production	19	63	7	23			2	7	2	7

Source: primary source 2023

Table 2 presents the findings in relation to the second objective and research question and the results shows that 30 (100%) of the respondents strongly agreed that customer life cycle affects customer trust through sharing of thoughts between the consumer and the organization. On creation of relationship and satisfaction 26 (87%) strongly agreed and 4 (13%) agreed (Christopher et al., 2022). When asked on improving production quality 21 (70%) strongly agreed and 7 (23%) agreed however 2 (7%) disagreed. Furthermore 19 (63%) strongly agreed that through production of consistent quality of production also 7 (23%) agreed however 2 (7%) disagreed and 2 (7%) strongly disagreed. Lastly on the second objective the researchers registered 19 (63%) who strongly agreed on estimation of product life cycle, 7 (23%) agreed while 2 (7%) disagreed, 2 (7%) strongly disagreed however 1 (3%) was not aware of the statement (Zowena et al., 2023).

Table 3: the effect of customer satisfaction on repeat purchases**Received: 11.02.2024****Accepted: 17.02.2024****Published on: 29.02.2024**

The effect of customer satisfaction on customer trust is through	Strongly agree		Agree		Not sure		Disagree		Strongly disagree	
	F	%	F	%	F	%	F	%	F	%
Building customer loyalty	28	93	2	7						
Providing high quality products	25	83	3	10	2	7				
Creation of access to products	13	43	10	33	4	13	2	7	1	3
Creation of relationship between the organization and customer	17	57	7	23	2	7	1	3	3	10
Doing research on the products	13	43	5	17	1	3	8	27	3	10

Source: Primary source 2023

From table 3 above it is evidenced that 28 (93%) of the respondents strongly agreed that happy hair shampoo and conditioners builds customer trust from customer satisfaction through building customer loyalty and this was accompanied by 2 (7%) who also agreed (K. Faridah et al., 2023). The study also found out that 25 (83%) strongly agreed that through providing high quality products, 3 (10%) agreed however 2 (7%) were not sure. The study continued and registered 17 (57%) who agreed that Creation of relationship between the organization and customer and 7 (23%) agreed however 1(3%) disagreed, 3 (10%) strongly disagree and 2 (7%) were not sure (Micheal et al., 2023). Lastly but not least the researchers found out that 13 (43%) strongly agreed and 10 (33%) creation of access to products, 2 (7%) disagreed and 1 (3%) strongly disagreed however 4 (13%) were not sure. Lastly 13 (43%) strongly agreed and 5 (17%) agreed that through doing research on the products while 8 (27%) disagreed, 3 (10%) strongly disagreed however 1 (3%) was not sure.

Summary of findings

The purpose of the study was to examine the effect of customer relationship marketing on customer retention in Uganda. The study was informed of the effect of continuous customer monitoring on repeat purchases, the effect of customer life cycle on customer trust and the effect of customer satisfaction on repeat purchase. The study involved 30 participants from source of the Nile hotel. The data collected was analyzed using a descriptive statistic (Racheal et al., 2023). The results of the study show that customer relationship marketing has appositive effect on customer retention.

The study established that measuring quality consistence, handling communication and resolving conflict, bonds organizational and customer relationship, keeping and providing a review of organizational commitment and provides production information about the product. The study clearly shows the need for managers to study and understand the effects of continuous customer monitoring on repeat purchase in enforcing customer retention (Rashid et al., 2023).

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The study established that, organizations to achieve their goals and objectives, it should revisits its marketing strategies to include sharing of thoughts, creations and enhancing relationship and satisfaction, increase on the quality of its production, endeavor to decrease on its quality and always to estimate it's product life cycle in the market. The stud clearly argues organizations to focus on theses to enhance customer trust. The study found out that building customer loyalty, providing high quality products, creation of access to products, creation of relationship between the organization and customer and doing research as some of the effect of customer satisfaction on repeat purchase at source of the Nile hotel Jinja (Lydia et al., 2023).

Conclusion

Customers are imperative in running any business. The increasing hotels since inauguration of Museveni's regime has resulted to an increase on the focus on customer needs and wants. With the growth of hospitality industry, more effort is put at improving its performance. The focus on measuring quality consistence, handling communication and resolving conflict, bonds organizational and customer relationship, keeping and providing a review of organizational commitment and provides production information about the product as some of the effect of continued customer monitoring on repeat purchase.

The study further found out that sharing of thoughts, creation and enhancing relationship and satisfaction, increase on the quality of production, endeavor to decrease the quality and always to estimate product life cycle in the market as some of the effect of customer life cycle on customer trust. Respondents believe that customer satisfaction through building customer loyalty, providing high quality products, creation of access to products, creation of relationship between the organization and customer, and doing research as some of the effect of customer satisfaction on repeat purchase at source of the Nile hotel Jinja. Therefore, for an organization to retain its customer it should put the above in place.

Recommendations

The study recommends happy hair shampoo and conditioner to increase on the number of its employees who are responsible for monitoring, managing and responding to customer complaints from one employee and to work for 24 hours for effective service.

The study recommends that more effort should be put in place to effectively promote and brand the organization through creating a standard logo for the organization.

The study recommends that more outlet shopping centers and customer service centers for effective management of customer complaints and satisfactions.

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