

**EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY IN SPA  
AND WELLNESS SERVICES IN NAIROBI COUNTY-KENYA**

**BY:**

**VICTOR MWENDWA MITA**

**A Research Project Submitted In Partial Fulfillment For The Requirements For Award  
Of The Degree Of Master Of Business Administration (MBA), Department Of Business  
Administration, School Of Business, University Of Nairobi**

**2018**

**DECLARATION**

This is my original work and has not been submitted for examination in any other university.

Signature..... Date.....

**VICTOR MWENDWA MITA**

**D61/83936/2016**

This research project has been submitted with my authority as the university supervisor.

Signature..... Date.....

**DR. JOSEPH OWINO**

**LECTURER,**

**UNIVERSITY OF NAIROBI.**

## **DEDICATION**

This study is dedicated to the following, my supervisor Dr.Owino, my wife,my mother and my sisters for their support during the duration of the study.

## **ACKNOWLEDGEMENT**

I want to acknowledge my family and the faculty of business at the University of Nairobi for being supportive throughout my study. I also give thanks to the Lord Almighty for His blessings , my Supervisor Dr. Owino for his guidance and my family for the moral support

## **ABSTRACT**

The relationship between health and work is not new and has registered significant growth significantly globally. Health spas are a growing sector today. Research in this area in Kenya is scanty. Hence, the focus of this study could help understand the effect of relationship marketing on customer loyalty for the spa and wellness sector in Kenya. The study focused on the research objective; to establish the impact of service quality on customer loyalty. The researcher targeted all the 24 Registered Spas & Wellness Centers in Nairobi-Kenya. From the target population of 988 respondents. A purposive sampling technique was employed simple random sampling was used to select 25% of the Spas & Wellness centers' Staffs targeted from the target population. Then purposively again a random sampling technique was employed to select at least three the Spas & Wellness clients at each centre visited from the 24 registered Spas & Wellness Centers in Nairobi-Kenya. The study adopted Descriptive and inferential statistics in data analysis generated. The findings were presented using percentages, frequency distributions, tables and the. The multiple regression analysis results indicated that variations in relationship marketing strategies discussed that is; personalized services, customized pricing, electronic relationship and complaints management system explains 51.4% of the variations on customer loyalty for the Spas & Wellness services in Kenya. Finally, the study gave conclusions, recommendations and suggestions for further research.

# TABLE OF CONTENTS

<b>DECLARATION .....</b>	<b>i</b>
<b>DEDICATION .....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>iv</b>
<b>ABSTRACT.....</b>	<b>v</b>
<b>TABLE OF CONTENTS .....</b>	<b>v</b>
<b>LIST OF TABLES .....</b>	<b>viii</b>
<b>ABBREVIATIONS AND ACRONYMNS.....</b>	<b>ix</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the study .....	1
1.1.1 Relationship Marketing.....	1
1.1.2 Customer Loyalty.....	2
1.1.3 The Spa and Wellness Services in Kenya.....	2
1.2 Research Problem .....	3
1.3 Research Objectives.....	3
1.4 Value of study.....	3
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>5</b>
2.1 Introduction.....	5
2.2 Theoretical background of the study.....	5
2.2.1 The Commitment-Trust Model .....	5
2.2.2 Tripartite Attitude Model .....	5
2.2.3 Dynamic Capability Theory (DCT) .....	6
2.3 Empirical Review.....	7
2.3.1 Customer Loyalty.....	<b>Error! Bookmark not defined.</b>
2.3.2 Electronic Relationship (E-Relationship) .....	7
2.3.3 Personalized Services.....	8
2.3.4 Customized Pricing.....	8
2.3.5 Complaints Management System.....	9
2.4 Research Gaps.....	9
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>11</b>
3.1 Introduction.....	11
3.2 Research Design.....	11
3.3 Population of the study .....	11
3.4 Sample Size and Sampling Technique.....	11
3.5 Data Collection Instruments .....	12
3.6 Data Analysis .....	12

<b>CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS .....</b>	<b>13</b>
4.1 Response Rate .....	13
4.2 Demographic Information.....	13
4.3 Descriptive Statistics.....	15
4.3.1 Personalized services and customer loyalty .....	15
4.3.2 Customized Pricing and customer loyalty .....	16
4.3.3 E-Relationship and customer loyalty .....	17
4.3.4 Complaints Management System and Customer Loyalty .....	18
4.3.5 Customer Loyalty.....	19
4.4 Inferential Statistics .....	20
4.4.1 Linear Regression Results- Direct Effects .....	20
4.4.2 Multiple Regression Results .....	25
4.15: Regression Coefficients .....	25
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMENDATIONS</b> Error! Bookmark not defined	
5.1 Introduction.....	28
5.2 Summary of the Findings of the Study .....	<b>Error! Bookmark not defined.</b>
5.3 Conclusions.....	29
5.4 Recommendations for Policy and Practice .....	29
5.5 Suggestions for Further Research .....	30
<b>REFERENCES.....</b>	<b>31</b>
<b>APPENDIX I: LETTER OF INTRODUCTION .....</b>	<b>35</b>
<b>APPENDIX II: RESEARCH QUESTIONNAIRE .....</b>	<b>36</b>
<b>APPENDIX V: LIST OF REGISTERD SPAS &amp; WELLNESS CENTERS IN NAIROBI COUNTY-KENYA .....</b>	<b>42</b>

## LIST OF TABLES

<b>Table 3.1; Distribution of Target Population.....</b>	<b>19</b>
Table 3.2: Sample Size.....	19
Table 4.1 Response Rate.....	13
Table 4.2: Gender, age and Education background.....	13
Table 4.3 Personalized services and customer loyalty.....	16
Table 4.4 Customized Pricing and customer loyalty.....	16
Table 4.5 E-Relationship and customer loyalty.....	17
Table 4.6 Complaints Management System and Customer Loyalty.....	19
Table 4.7 Customer Loyalty.....	20
Table 4.8: Regression Results for personalized services on customer loyalty.....	21
Table 4.9: Regression Results; Influence of customized pricing on customer loyalty...	22
Table 4.10: Regression Results; E-Relationship (ER) on customer loyalty.....	23
Table 4.12: Regression Results; CMS on customer loyalty.....	24
Table 4.13: Multiple Regression Summary.....	25
Table 4.14: Analysis of Variance (ANOVA).....	25

## **ABBREVIATIONS AND ACRONYMNS**

<b>ABC</b>	- Affect, Behavior & Cognition
<b>CBV</b>	- Capability-Based View
<b>CL</b>	- Customer Loyalty
<b>CMS</b>	- Conflict Management System
<b>CRM</b>	- Customer Relationship Management
<b>PS</b>	- Personalization Services
<b>SQ</b>	- Service Quality
<b>SWAA</b>	- Spa and Wellness Association of Africa
<b>TAM</b>	- Tripartite Attitude Model
<b>VO</b>	- Value Offers

# CHAPTER ONE: INTRODUCTION

## **1.1 Background of the study**

Relationship marketing is a strategy developed to enhance client satisfaction and long term engagements providing them with products suited to their requirements (Keller, 2013). This concept was first developed by Dwyer *et al.*, (2011) meant to attract, maintain, and enhancing customer relations. It was also said to be developing relations with customers and other parties at a profit, by mutual exchange and fulfilling promises (Grönroos, 2011).

As the competition environment gets more hostile the key issue the facing sellers is not to provide quality products or services, but also to maintain loyal customers who will contribute long-term profit to businesses (Tseng, 2007).

Relationship marketing is therefore an approach to adopt relationship marketing in practices (Tseng, 2007). Proper relationship marketing tactics can help marketers to achieve clients , maintain them, and finally build up customer loyalty and optimize profitability (Zairi, 2010). Foster and Mandelbaum, (2015) found out that, Consumer demand in the Spa and Wellness Sector in Africa is growing as people search for a solution to work related stress.

### **1.1.2 Relationship Marketing**

This form of marketing is based on the understanding that customer creation is more expensive than retention (marketing is creating, maintaining , and enhancing relationships with customers profitably. According to Ndubisi, (2014), relationship marketing is about loyalty, long term relationship and customer retention as avenues for profitability.

Moriarty *et al.*, (2013) complimentarily suggested that relations marketing objectives are to establish and maintain long-term relationships between the entity and the customers that are mutually beneficial. The share of customers is fundamental to an organization compared to than market share, and a relationship must be long-term and mutually beneficial between the parties. (Gummesson, 2012). Further the relationships between the parties need to be respectful. This justifies relationship marketing. When customers are satisfied with a

company's products they will tend to buy more. and this prolongs their relationships with suppliers. (Panda, 2013). Business organizations must therefore understand the businesses they buy from in order to maintain relationships in the long-term.

### **1.1.1 Customer Loyalty**

Loyalty is described as an undertaking by of customers purchases regularly and repeatedly (Peelen, 2005). Additionally, it can be seen as a willingness of the customers to establish a close and longterm relationship with a firm (Heskett *et al.*, 2007). Specifically, when customer loyalty is created a company is in a position to make more profits (Godson, 2009) and by reducing operational costs (Heskett *et al.*, 2007) (Buttle, 2016).

A relationship between customer loyalty and relationship marketing exists. Gordon (2009) emphasized that, in a dynamic environment, organizations cannot continually attract new customers and expand in any other better way than establishing loyalty through quality offers which supersedes advertising campaign.

### **1.1.2 The Spa and Wellness Services in Kenya**

People visit spas primarily to relax Njiru, (2011).. According to GoK, (2015) report on economic recovery strategy for wealth and employment creation, 2010-2015, the treatments provided by spas are body or skin-care services, like facials, scrubs and wraps massage services and salon services .In Kenya, The spa industry provided jobs to 430,000 people 2015 with the dominant clients being female and children.

According to market research and analytics firm, Euromonitor International, (2015) Health and Wellness Tourism in Kenya recorded a value growth of 9 percent in 2015 to reach sales of Sh2.5 billion. The Spa and Wellness Sector is growing at 10 percent year on year attributable to increase of the middle class. Kenya is waking up to wellness, and the Diaspora has created a demand not only in the continent but also internationally. But spas in Kenya need to raise their standards to cater to the demand from well-travelled wellness tourists seeking international and indigenous treatments. Sub-Saharan Africa's spa industry has posted the fastest growth rates in the world since 2010. Starting from a low base, the number

of spas in Africa quadrupled to 1,544 in 2015, driven by economic growth and increased tourism traffic to the region (Government of Kenya, 2015).

## **1.2 Research Problem**

Today business survival is difficult. A firm cannot survive without relationships. Consequently, creating relationship is vital for any organization's efforts to gain competitiveness. Accordingly, organizations will venture into several strategies and techniques to ensure that they trap and retain the customer base for as long as it is possible (Ndubisi, 2014).

According to Nicholas, (2015) in The Spa and Wellness Sector, the switching cost is almost zero; therefore it is important to give customer a significant reason to stick to an organization services. The influence of wellness has become a new reality as a result of long working hours (Jane, 2015). In addition, Njiru and Cheruiyot, (2011) found out that the spread of a more globalized economy could be the perfect recipe for a considerably strained workforce and their families

Past studies have mostly analyzed relationship marketing in the banking sector for instance; Anastasia, (2009) and in Service Industry Tseng and Ming (2007). No have studies have been done to address the association between the study variables in the Wellness sector where completion is quickly becoming a problem for the organizations. This research gap epitomizes the research objective of this study which addresses effect analysis of relations marketing on customer loyalty for the Spa and Wellness sector in Kenya.

## **1.3 Research Objectives**

To investigate the influence of relationship marketing on customer loyalty and wellness services in Nairobi county-Kenya

## **1.4 Value of study**

This study might be important to a number of both internal information users with regards to policy formulation. In specific this study is intended to provide the Spa and Wellness sector in Nairobi County Kenya on the effects of customer relationship marketing tactics on loyalty of customers

The analysis will reveal hence provide information to the management of the real estate agency business on how to adjust and effectively institute effective policies of customer relation marketing and effective ways of achieving customer loyalty

The Spa and Wellness management will also be furnished with relevant information regarding the influence of consumer relationship management on consumer loyalty in the real estate agency sector in Kenya.

The study findings will provide a source of literature for other studies.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The chapter reviews the literature relevant to the study. It reviews the empirical literature on the study variables and the theoretical framework guiding the study. It also gives a summary of the existing gaps the study was seeking to address.

### **2.2 Theoretical background of the study**

The study will be anchored on the following theories. Commitment-Trust Model, Tripartite Attitude Model and Dynamic Capability Theory (DCT)

#### **2.2.1 The Commitment and Trust Model**

Morgan and Hunt, (2018) stated that relationships, commitment and trust are major factors for successful relationships since they promote long-term cooperation among partners in the supply chain. They said that such involving trust and commitment leads customers to reduce their risk aversion since each party believes that the others are collectively promoting mutual interests. Relationship marketing involves establishing bonding with customers through satisfying their needs. Instead of following immediate term gains and establishing long-lasting bonds with their customers (Morgan and Hunt, 2011).

Trust means that confidence bestowed on each party member by that neither of party would do anything detrimental to the others (Seed and Mahout, 2011). Organizations create trust by meeting commitments. Committing is about a long-term desire to retain an important partner, according to Brink and Berndt. This leads businesses to invest in creating and maintaining relationships with its customers. For example, a business might follow up after a purchase to so that its customer is satisfied.

#### **2.2.2 Tripartite Attitude Model**

This model is also called the ABC model of attitudes was first coined by LaPiere, (1934) who defined attitudes as expressions of preferences or lack of it toward a person, place, an object or an event. Several scholars for instance Dablikar (1994) have adopted the model in

performing consumer behavior studies . The model assumption about the connection between attitudes and behavior is concerned with consistency that shows that people are rational and behave rationally at all times and that an individual's behavior should be consistent with their attitudes

Oliver (2009) says that attitudes can be formed before knowledge or experience concerning a product from the perception of the customers.

Sivadas and Baker (2010) considered a consumer perceptions of service quality or value assessments as constituents of the formation of a mental reaction. attitude means the a persons overall feeling of like or dislike towards a brand or product regarding the situation, concept and person. Many scholars have agreed that customer satisfaction an affective attitude or emotional response (Oliver, 2009; Eagly and Chaiken, 2013).

### **2.2.2 Dynamic Capability Theory (DCT)**

The theory focuses on exploring on ways of creating competitiveness in an environment of hostile competition. It proposes that, if an firm learns from clients , than from competitors, to adjust business processes and practices thus creating customer more value compared to rivals, and gain good performance in the industry or the market(Makln *et al*, 2009). Using dynamic capabilities, a firm can effectively respond to market changes.

Creating a relations with a customer is looked at as as an organizational dynamic capability. Teece (2007) averred that , an organizational capability can be established continuously, and expanded to retain an company's set as unique.

A vital link exists linking capability and organizational process. Teece *et al.*, (1997) argued that capability is within the business organizational process Maritin (2007) said that , dynamic capabilities are concerned with changes, and organizations adopt different process to point out the opportunity for change.

## **2.3 Empirical Review**

In this section, the study addresses the various aspects of the study objectives relating to past studies. The research work compares and contrast different authors' views on relationship marketing and customer loyalty

### **2.3.1 Customer Loyalty**

This term describes the behaviors of repeat customers, and as those who provide ratings or testimonials (Kamar and Advani, 2009). Bilal *et al*, (2010) in her study interpreted loyalty as genuine loyalty as opposed to repeat buying behavior, which is of a product brand, irrespective of commitments. She further highlighted that loyalty is a an aspect with many dimensions including both positive and negative reactions. It is noteworthy that loyalty of customer does necessarily imply customers satisfaction .

Colgate *et al.*, (2006) said that that loss of customer to competition is not inversely related to loyalty, while Levesq and Dougall (2013) said that, "even a problem is not solved, approximately half of the customers would remain with the firm". This may be attributable to switching costs, an absence of perceived differentiated alternatives, locations et cetera.

According to Geyskens, (2009), it needs one bad incidence in marketing to lose a customer to a rival . Successful customer loyalty is foundation of a prosperous organization since and also customer loyalty is a preliquisite of customer satisfaction.

Ndubisi (2014) avered that customer loyal is the best asset to a business since their word of mouth about the products can impact significantly on the loyalty of the customers.

### **2.3.1 Electronic Relationship – (E-Relationship)**

E-Commerce is proving to be important to organizations today. that brings in a shift in paradigm in relationships in marketing (Doyle, 2010). These relationship confer a lot of gains to firms like effective management of customers. Patterson *et al.*, (2014) says that e-relationship have transformed business strutures. Each entity therefore needs to create global networks.

According to Feng, (2012), e- relationships is an important platform to improve transactions on the Internet to marketing objectives due to developments in technology, Indeed online buying is a contemporary trend today. Gwinner *et al*, (2013) says that electronic relationship are vital to organization's capacity to reduce costs, distance and time. In addition electronic relationship aids in customers feedback which helps organizations focus on delivering and customer satisfaction, solve problems (Christy, 2012).

### **2.3.2 Personalized Services**

Anastasia, (2009) highlighted that a personal service experiences that going beyond services by contact centers was developed to manage new customers' questions. The design has successfully saved company time and money while providing customer experience.

According to Kotler, (2009), salespeople, clerks and customer service representatives try to build personal relationships since they lead to repeat buying and better returns .

Moriarty *et al*, (2013), conclude in their work that, retailing sales personnel and Internet e-retailers depend on personalization, but in different ways ., the consistency between both however is that they both engage in building long-term relationships by providing individualized service..

### **2.3.3 Customized Pricing**

Customized pricing approaches may encourage customers to come back/ repeat buys and have relationship with customer loyalty. To begin with, Lovelock and Wirtz, (2014) found out that, a promise of gift after customers buy as a strategy for instance; using coupons or discounts for 1<sup>st</sup> buyers only can isolate returning customers who have a feeling of being "left out" from the gift

Boulding et al(2013) says customized pricing strategy of rewarding buyers for large scale buying. Promotional offers as an element of customized pricing strategy, for instance; Buy one, get one free", "Buy one, get one", "two for the price of one", "two for one" or "2 for 1" is a common method of of sales promotion that will bring about loyalty. (István, 2012). Price reductions are also commonly used as sales promotional strategies to win loyalty

### **2.3.4 Complaints Management System**

According to Sauer, (2008) this means the ability of an organization manage the negative consequences of potential conflict. In the context of relationship marketing, Ndubisi, (2014) highlighted that managing complaints involves the ability of an organization's to manage conflicts. (Ndubisi, 2014).

According to Kotler (2009), conflicts among people who have with different goals is always present. Kotler added that, most conflicts must be addressed. If conflicts are managed well organizations will exceed their expectations. He further said that, effective conflict management skills will allow the bank to develop synergistic relationships and powerful teams. He however noted that, some conflicts cannot be fully resolved, but using conflict management techniques can bring the problem to a point where the differing ideas can be managed (Kotler, 2009).

### **2.4 Research Gaps**

From the available literature, the researcher gathered that, customer loyalty taken to be major determinant of a company success and sustainability over time (Anderson & Fornell, 2011; Anastasia, 2009; Afsar *et al.*, 2010 and Ndubisi, 2014). Majority of studies have also highlighted that, in an age increasing competition, organizations have started adopting relationship marketing to attract, retain and enhance customer relationships and create customer loyalty (Kotler *et al.*, 2009; Doyle, 2010; Lam and Burton, 2006).

Form the past studies it can be deduced that, because the need for relationship marketing is to obtain value of customer loyalty should be emphasized in attaining this goal. Zairi, 2010; Akbar & Parvez, 2009; Olson *et al.*, 2013; for instance argued that, more economical retain a current customer than to get a new one.

Majority of past studies analyzing the association of relationship marketing and customer retention or loyalty has largely covered the banking sector; (Lam and Burton, 2006; Tseng and Ming 2007; and Panda, 2013): and retail sector; (Kinports, 2015; and Keller, 2013). None if not very little literature is available how the association looks like in The Spa and Wellness

sector which is unique in its operations and quite big investments where trust plays even a bigger role. This gap forms the basis for the current study which conducts an effect analysis of the correlation of marketing and loyalty of customers in the Spa and Wellness sector Nairobi Kenya.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter captures the research methodology including the design used, target population, data collection tools and analysis.

### 3.2 Research Design

The study used explanatory survey design. The design is suitable for doing causal studies normally done to explain behavior or reactions of people to a given phenomenon (Kothari, 2010).

In justification for the research design, Cooper & Schindler, (2010) noted that the design can be used to explain relationships of variables. Additionally, Mugenda & Mugenda, (2010) confirms that explanatory survey design allows the use of inferential statistics to determine the relationship between the variables..

### 3.2 Population of the study

A study population is all respondents who met the set of criteria (Kothari (2010). The researcher targeted all the 24 Registered Spas & Wellness Centers in Nairobi-Kenya. Specifically the study targeted the management and operation of the Spas & Wellness Centers and clients of the same institutions as shown bellow;

**Table 3.1; Distribution of Target Population**

Respondents	Approximated Numbers	Percentage (%)
Spas & Wellness centers' Staffs	288	29.15
Average centers' clients per day	700	70.85
Total	988	100.00

*Source: Spa and Wellness Association of Africa (SWAA) Kenyan Chapter, (2018)*

### 3.3 Sample Size and Sampling Technique

From the projected target population which was about 988 respondents. A purposive sampling methods was employed in this study. Then, random sample procedure was then be adopted to

select about 25% of the Spas & Wellness centers' Staffs targeted from the target population. Then purposively again a random sampling technique was employed to select at least three the Spas & Wellness clients at each centre visited from the 24 registered Spas & Wellness Centers in Nairobi-Kenya. Mugenda and Mugenda (2010) say that, a sample of ten percent is sufficient for the generalization of the findings.

A 988 sample was derived as shown below;

**Table 3.2: Sample Size**

<b>Institution</b>	<b>Estimated Numbers</b>	<b>Multiplier</b>	<b>Sample Size</b>
Spas & Wellness centers' Staffs	288	.5	88
Average centers' clients per day	700	.02	140
<b>Total</b>	<b>988</b>		<b>288</b>

*Source: Author (2018)*

### 3.4 Data Collection Instruments

Mugenda and Mugenda (2010) say an tool for data collection is a document that contains questions presented systematically. The main instrument for the primary data collection was structured self administered questionnaire with both open ended and closed questions . The questionnaire was based on the 5 point Likert scale.

### 3.5 Data Analysis

The data collected will be arranged to aid in the addressing of the objectives of the study. Both descriptive and inferential statistics will be used. For descriptive statistics, the minimum, maximum, mean, standard deviation, will be determined with each variable. In inferential statistics, regression analysis using statistical software will be done to determine the relationship between the variables of the study. Pearson correlation coefficient will also be calculated. The multi-linear regression equation assumed the following expression.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 + \varepsilon$$

Where **Y** = Customer Loyalty

**$\beta_0$** = Constant i.e. the value of Y when X=0,

- $X_1$  = Personalized services

- $X_2$  = Complaints management system
- $X_3$  = customized pricing
- $X_4$  = electronic relationship

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$  = beta coefficients of the model

$\epsilon$  = error term

## CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

### 4.1 Response Rate

Out of the 288 respondents 221 questionnaires filled in and returned the accounting for a 76.7%. Mugenda & Mugenda, (2009) aver that, a rate of response below 40% is not , 40%-50% is poor, and 50%-60% is acceptable for analysis and reporting, 60%-70% is good ,70%-80% is very good while response of over 80% is excellent. In this study the rate of response of 221 out of 288 participants is satisfactory in generalizing the study findings.

**Table 4.1 Response Rate**

items	Frequency	Percentage
Responses	221	76.7%
Non-responses	67	23.3%
<b>Total</b>	<b>288</b>	<b>100.0%</b>

*Source: Research data, (2018)*

### 4.2 Demographic Information

Table 4.2: Gender, age and Education background

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	117	52.9	52.9	52.9
	Male	104	47.1	47.1	100.0
	<b>Total</b>	<b>221</b>	<b>100.0</b>	<b>100.0</b>	

<b>Age</b>					
Valid	20-30	30	13.6	13.6	13.6
	31-40	85	38.5	38.5	52.0
	41-50	56	25.3	25.3	77.4
	51-60	16	7.2	7.2	84.6
	61<Above	34	15.4	15.4	100.0
	<b>Total</b>	<b>221</b>	<b>100.0</b>	<b>100.0</b>	
<b>Education background</b>					
Valid	Primary School	1	.5	.5	.5
	Secondary / High school	10	4.5	4.5	5.0
	Diploma Level	66	29.9	29.9	34.8
	Undergraduate degree	87	39.4	39.4	74.2
	Master's Degree	43	19.5	19.5	93.7
	PHD	9	4.1	4.1	97.7
	Others (Specify)	5	2.3	2.3	100.0
	<b>Total</b>	<b>221</b>	<b>100.0</b>	<b>100.0</b>	
<b>Length of service</b>					
Valid	Less than 5 years	93	42.1	42.1	42.1
	5 –10 years	74	33.5	33.5	75.6
	10 – 20 years	48	21.7	21.7	97.3
	Over 20 years	6	2.7	2.7	100.0
	<b>Total</b>	<b>221</b>	<b>100.0</b>	<b>100.0</b>	

Source: Research data, (2018)

The study established that, most of the participants were female, having frequency of 117 out of 221 accounting for 52.9% the male were 104 (47.1%). the results indicate that respondents categorized as the management and operation of the Spas & Wellness services and in the study were in female and can be concluded deduced that female are dominant clients in the Spas & Wellness services in Kenya.

The researcher also attempted to determine the participants age profiles to establish the maturity and knowledge ability of the of the respondents regarding giving answers which may aid the achievement of the study objectives.

The study showed that that most of the respondents were 31-40 years. They were 85 respondents in the bracket accounting for about 38.5% ,41-50 Years were 56 accounting for

25.3%. Those above 61 years 34 accounting for 15.4% of the total sample fourth were the category of those respondent between 20-30 years with a frequency of 13.6 % and lastly those respondents who aged between 51-60 years with a of 7.2%. The researcher found out that most of the respondents were between 31-50years of age constituting about 65% of the sample. This implied that majority of people engaged in the Spas & Wellness services as either staff or clients were fairly active people of age between 31-50 years.

The study showed that most of the respondents were undergraduates totaling 87 or 39.4% diploma holders 29.9%, Master's Degree qualification constituting about 19.5% of the total respondents, fourth in rank was those respondent with Secondary / High school qualification with about 4.5% of the total respondents while those respondents with PHD qualifications constituted about 4.1% of the total respondents. Lastly those respondents with other qualifications constituted about 2.3% of the total respondents. From the study it was clear that, the Spas & Wellness services sector is dominated by fairly educated individuals.

Finally, the findings showed that most of the respondents 93 (42.1%) had served for less than 5 years followed by those respondents who have been involved in the Spas & Wellness services for 5 –10 years constituting about 74 in frequency that is 33.5% of the total respondents. Those who have worked for between 10 – 20 years third in ranking constituting about 21.7% of the total respondents lastly those respondents who have been involved in the Spas & Wellness services for over 20 years were about 2.7% of the total respondents. The results imply that the Spas & Wellness services sector is fairly new as majority of the respondents are pretty new to the sector with majority having been involved for less than 5 years.

### **4.3 Descriptives Statistics**

This is the analysis of data to make it useful

#### **4.3.1 Personalized services and customer loyalty**

Table 4.07 indicates the level at which respondents agreed with statements on the correlation of personalized services and customer loyalty at the Spas &.wellness in Kenya

**Table 4.3 Personalized services and customer loyalty**

	N	Mean	Std. Deviation
I do have all the available customer choices I would want for my spa & wellness needs at this facility	221	4.5023	.73003
Both customer and the facility flexibility with regards to adjusting to customer needs is perfect at this facility	221	4.2715	.68659
My profile and social status is adequately served by the spa & wellness centre	221	4.1855	.74892
I am extremely satisfied by the way I am personally being served by the spa & wellness centre	221	3.9955	.95107
<b>Grand Mean</b>		<b>4.2387</b>	

The descriptive data shows that the respondents were requested to rate the extent of their thinking on how personalized services influence customer loyalty for the Spas & Wellness services sector in Kenya, where A grand mean of < 3 means general agreement, and a mean >2.9 meant generally disagreement. Accordingly, a mean of 4.2387, shows that the participants consented to the of personalized services tested to have influence on customer loyalty at the Spas & Wellness services. This position is in congruent with those of Kotler, (2009), who established that today, salespeople, and customer service representatives are seeking to establish direct relationships by because result to repeat buying and better profits..

#### 4.3.2 Customized Pricing and customer loyalty

Participants were requested to comment if customized pricing influences customer loyalty in the Spas & Wellness services sector in Kenya.

**Table 4.4 Customized Pricing and customer loyalty**

	N	Mean	Std. Deviation
The organization always reward customers for bulk purchases/ repeat buys/engagements and this has improved customer loyalty	221	3.5747	1.11196
The management do have promotional offers for customers' and also in some instances may promise a gift after a purchase	221	4.2036	1.03097

I can authoritatively assert that the firm do rewards buyers or got services a particular number of times and this make the return	221	3.5113	1.21585
The management has also instituted differential pricing and members-only pricing strategies and this have had impact on customer loyalty	221	3.4887	1.32669
The institution also offers dynamic pricing and customer loyalty schemes all of which have boosted customer loyalty	221	3.2127	1.20794
<b>Grand Mean</b>		<b>3.5982</b>	

It is indicative that that most of the respondents agreed that, customized pricing elements tested above implied that, customized pricing indeed influence customer loyalty in the Spas & Wellness services sector in Kenya. This assertion is in harmony with those of Boulding *et al.*, (2013), who found out that, customized pricing strategy of rewarding buyers for volume purchases where, bulk purchasing is when buyers obtain some of the benefits volume economies for themselves by is paying a lower prices per unit in exchange for purchasing much large volumes . This encourages establishment of loyalty..

### 4.3.3 E-Relationship and customer loyalty

Respondents were questioned on the correlation of E-Relationship and consumer loyalty in the Spas & Wellness services sector in Kenya. A 5 point Likert scale was used to rate the responses and their responses are summarized in table 4.5 below

**Table 4.5 E-Relationship and customer loyalty**

	N	Mean	Std. Deviation
E-Relationship platform by the firm offers conveniences e.g. service booking and scheduling and this has boosted customer loyalty	221	4.0317	1.69596
Electronic Relationship platform of the institution has also helped customers to give feedback easily which benefits the firm in developing more customized services	221	3.8597	.82200

Electronic Relationship also plays vital role in business operations efficiency and this has enhanced customer service	221	4.3891	.68931
E-Relationship platform has enhanced collaboration between the organization and customers as well as promotes the developing of e-relationship	221	4.5294	.64335
E-Relationship platform has also enabled buying online which is extremely flexible and convenient as well as time and money saving	221	4.4208	.63912
<b>Grand Mean</b>	221	<b>4.2461</b>	

*Source: Research data, (2018)*

The summarized responses in the table 4.09 and Using a Likert scale of 1-5 where A grand mean of < 3 means general agreement, a mean of >2.9 means general disagreement. It can be concluded that that most of the participants were in agreement that indeed E-Relationship programs of the Spas & Wellness services influences customer loyalty representing mean of 4.2461. The above study findings are in collaborate with those of Gwinner *et al*, (2013), who found out that, e-relationship plays a crucial role in an organization's reduction of costs, distance and time. Further websites help companies get customer feedback effectively.

#### **4.3.4 Complaints Management System and Customer Loyalty**

Respondents were also asked whether in their opinion as to whether complaints management system share an association with customer loyalty in the Spas & Wellness services in Kenya. A 5 point Likert scale was used to rate responses summarized in table 4.6 below.

**Table 4.6 Complaints Management System and Customer Loyalty**

	N	Mean	Std. Deviation
My problems and disagreement with the spa & wellness centre are always resolved satisfactorily and feel always listened to.	221	4.3258	.70241
They spa & wellness centre have systems (conflict-handling strategies) and officers specifically trained on conflict resolution and always anticipate problems before they occur.	221	4.5837	.60190
I have never had conflict with the spa & wellness centre since they always satisfied with the service	221	4.1946	.92597
I strongly believe that the spa & wellness centre have strong conflict management resolution system and this has a bearing on my loyalty with them	221	3.7647	.98110
<b>Grand Mean</b>		<b>4.2172</b>	

*Source: Research data, (2018)*

From the Table 4.10 above, most of the respondents accepted that complaints management system do have influence on customer loyalty. Using a 5 point Likert scale where a mean < 3 means agreement, and a mean > 2.9 disagreement. It is evident that, complaints management system do have influence on customer loyalty as represented by mean of 4.2172 supporting Ndubisi, (2014) findings that; conflict management included an organization's capability to avoid likely conflicts, to address obvious conflicts before they lead to problems and to discuss possible solutions on occurrence of problems.

#### **4.3.5 Customer Loyalty**

This part looked at response on the output variable (Customer Loyalty) to determine if customer loyalty do have a relationship with on the various relationship marketing strategies of; personalized services, customized pricing, electronic relationship and complaints management system strategies in the study. A 5 point Likert scale was used.. The responses are given in table 4.7 below

**Table 4.7 Customer Loyalty**

	N	Mean	Std. Deviation
I regard myself as a loyal client of the spa & wellness centre	221	4.4389	.68896
I would continue to do business with the spa & wellness centre even if its prices increased somewhat	221	4.4932	.65101
I have and would use word of mouth referrals to friends and members of my family to do business with the spa & wellness centre	221	4.4887	.64393
I have been a loyal customer to the spa & wellness centre and would continue being one.	221	4.2262	.92118
<b>Grand Mean</b>		<b>4.4117</b>	

*Source: Research data, (2018)*

Using a Likert scale of 1-5 where a grand mean < 3 means agreement, and > 2.9 means disagreement. It is conclusive that on customer loyalty analysis, it is evident that relation marketing strategies of; personalized services, customized pricing, electronic relationship and complaints management system influence customer loyalty in the Spas & Wellness services in Kenya indicated by mean of 4.2536. This study finding support those of Oliver *et al.*, (2009) who found out that, loyalty is commitment to –buy again in the future in spite of a situational influence and marketing campaigns having the likelihood to lead to switching behavior.

#### **4.4 Inferential Statistics**

These deal with statistical inferences of findings on the population (Mugenda & Mugenda, 2008)

##### **4.4.1 Linear Regression Results- Direct Effects**

Linear regression was applied in testing the direct effect of independent variables; personalized services customized pricing, electronic relationship and complaints management system on the dependent variable (Customer Loyalty). Simple linear equations for each independent variable predicting the dependent variable are also shown at the end of each regression analysis.

**Table 4.8: Regression Results for personalized services on customer loyalty**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.496 <sup>a</sup>	.246	.243	.40716	.246	71.599	1	219	.000

a. Predictors: (Constant), PS

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.870	1	11.870	71.599	.000 <sup>b</sup>
	Residual	36.306	219	.166		
	Total	48.176	220			

a. Dependent Variable: CL

b. Predictors: (Constant), PS

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.292	.228		10.066	.000
	PS	.515	.061	.496	8.462	.000

a. Dependent Variable: CL

The regression results in table 4.7 indicates that personalized services (PS) significantly influences Customer loyalty (CL);  $R^2 = 0.246$ ,  $F=71.599$ , significant at  $p<0.000$ . This indicates that personalized services accounts for 24.6% variations in customer loyalty in the Spa and wellness services centers in Kenya.

Regression results further th existenceof a positive and significant relationship between personalized services and customer loyalty ( $\beta=0.515$ ;  $P<0.000$ ). This implies that a unit addition in personalized services leads to 0.515 increase in the loyalty of customers. The simple linear regression equation for direct influence of personalized services on customer loyalty is;

$$(i) Y= 2.292+ 0.515X1$$

Where;

Y= Customer Loyalty (CL)

0.825= Constant Term

X<sub>1</sub> = Personalized Services (PS)

**Table 4.9: Regression Results; Influence of customized pricing on customer loyalty**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.518 <sup>a</sup>	.268	.265	.40118	.268	80.334	1	219	.000

a. Predictors: (Constant), CP

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.929	1	12.929	80.334	.000 <sup>b</sup>
Residual	35.247	219	.161		
Total	48.176	220			

a. Dependent Variable: CL

b. Predictors: (Constant), CP

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.117	.234		9.035	.000
	CP	.486	.054	.518	8.963	.000

a. Dependent Variable: CL

The regression results in table 4.9 above shows that customized pricing significantly influences Customer Loyalty (CL); R<sup>2</sup> =0.268, F=80.334, significant at  $p<0.000$ . This indicates that customized pricing activities accounts for 26.8% variations in customer loyalty for the spa and wellness services in Kenya. Linear regression results also showed positively and significantly correlation of customized pricing activities and customer loyalty for the spa and wellness services in Kenya ( $\beta= 0.486$ );  $P<0.000$ ). This implies that a unit addition of customized pricing activities leads to a 0.486 increase on loyalty of customers. The simple linear regression equation for direct influence of customized pricing on the loyalty by customers ;

$$(i) Y= 2.117+ 0.468X_2$$

Where;

Y= Customer Loyalty (CL)

2.117= Constant Term

$X_2$  = Customized Pricing (CP)

**Table 4.10: Regression Results; E-Relationship (ER) on customer loyalty**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.513 <sup>a</sup>	.263	.260	.40253	.263	78.327	1	219	.000

a. Predictors: (Constant), ER

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.691	1	12.691	78.327	.000 <sup>b</sup>
	Residual	35.485	219	.162		
	Total	48.176	220			

a. Dependent Variable: CL

b. Predictors: (Constant), ER

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.370	.209		11.338	.000
	ER	.433	.049	.513	8.850	.000

a. Dependent Variable: CL

The regression results in table 4.10 above shows that E-Relationship (ER) significantly influences Customer loyalty (CL);  $R^2 = 0.263$ ;  $F=78.327$ , It was significant because the corresponding p value is 0.000. Linear regression results also showed that E-Relationship (ER) activities significantly influence customer loyalty; ( $\beta=0.433$ ;  $P=0.000$ ). This indicates that a one unit increase in E-Relationship (ER) activities will lead to a 0.433 increase on customer loyalty. The simple linear regression equation for direct influence of E-Relationship (ER) on customer loyalty is;

$$Y = 2.370 + 0.433X_3$$

Where;

Y= Customer Loyalty (CL)

1.521= Constant Term

X<sub>3</sub> = E-Relationship (ER)

**Table 4.12: Regression Results; CMS on customer loyalty**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.418 <sup>a</sup>	.175	.171	.42611	.175	46.333	1	219	.000

a. Predictors: (Constant), CMS

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.413	1	8.413	46.333	.000 <sup>b</sup>
	Residual	39.764	219	.182		
	Total	48.176	220			

a. Dependent Variable: CL

b. Predictors: (Constant), CMS

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.802	.208		13.475	.000
	CMS	.368	.054	.418	6.807	.000

a. Dependent Variable: CL

Finally, the regression results in table 4.11 above shows that complaints management system significantly influences customer loyalty; R<sup>2</sup> =0.175, F=46.333, significant at  $p < 0.000$ . This signifies that complaints management system accounts for 17.5% variations in customer loyalty. Linear regression results also implied existence of a positive and significant relationship between complaints management system and effective customer loyalty ( $\beta = 0.368$ ; at  $P < .000$ ). This implies that a one unit increase of complaints management system initiatives have a 0.368; increase on customer loyalty. The simple linear regression equation for complaints management system on customer loyalty in the spa and wellness services in Kenya is;

$$Y = 2.802 + 0.368X$$

Where;

Y = Customer Loyalty (CL)

0.937= Constant Term

X<sub>4</sub> = Complaints Management System (CMS)

#### 4.4.2 Multiple Regression Results

**Table 4.13: Multiple Regression Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.717 <sup>a</sup>	.514	.505	.32934	.514	57.039	4	216	.000

a. Predictors: (Constant), CMS, ER, PS, CP

Source: Research data, (2018)

The findings show that, the four relationship marketing strategies of; personalized services, customized pricing, electronic relationship and complaints management system that were studied, explain about 51.4% of customer loyalty in the Spas & Wellness services in Kenya, as represented by the R Square (R<sup>2</sup>).

**Table 4.14: Analysis of Variance (ANOVA)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.747	4	6.187	57.039	.000 <sup>b</sup>
	Residual	23.429	216	.108		
	Total	48.176	220			

a. Dependent Variable: CL

b. Predictors: (Constant), CMS, ER, PS, CP

Source: Research data, (2018)

#### 4.15: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.320	.259		1.235	.218
	Personalized Services (PS)	.310	.055	.299	5.635	.000
	Customized Pricing (CP)	.167	.059	.177	2.835	.005
	E-Relationship (ER)	.274	.050	.324	5.458	.000
	Complaints Management System (CMS)	.226	.044	.256	5.110	.000

a. Dependent Variable: Customer Loyalty (CL)

Source: Research data, (2018)

The regression model has established that taking the relationship marketing strategies investigated that is; personalized services, customized pricing, electronic relationship and complaints management system at zero, customer loyalty at 0.320. the study findings ,indicate that, Personalized Services (PS) had the greatest influence on customer loyalty at 31.0% E-Relationship (ER) at 27.4%, then Complaints Management System (CMS) at 22.6%, and finally Customized Pricing (CP) at 16.7%. This notwithstanding, personalized services, customized pricing, electronic relationship and complaints management system were all found to be significant as their P-values were <0.05 at 5%;. From the study the resultant model was;

$$Y = 0.320 + 0.310X_1 + 0.167X_2 + 0.274X_3 + 0.226X_4 + \varepsilon$$

On the first specific task of establishing whether personalized services do have an association with customer loyalty, the study findings established that indeed personalized services significantly influence customer loyalty. These findings have been replicated elsewhere for instance; Dwayne, (2013) study on service personalization and loyalty found out that the influence of personalizing services on loyalty is present but it is indirect.

On the second task of determining whether, customized pricing affects customer loyalty in the spa and wellness services in Kenya. The study found out that, customized pricing significantly influences customer loyalty. Linear regression results also showed a favorable and significant correlation of customized pricing activities and customer loyalty for the spa and wellness services in Kenya.

On the third task which was to establish whether, of E-Relationship (ER) influence customer loyalty in the spa and wellness services in Kenya. The study found out that, E-Relationship significantly influences Customer loyalty. Linear regression results also showed that E-Relationship (ER) activities significantly influence customer loyalty. These findings were in collaboration with several other studies including; Mang'unyi, (2017) study on the same subject: case study KCB. The findings revealed that pre-service, during (the) service and post transactional e-CRM features have a positive and significant relationship with loyalty, and

that the pre-service and during service ASPECTS strongly predicts consumer loyalty. Thus, an improvement of e-CRM practices can be a strategic tool to compete and impact the banks' relationship with their customers.

Lastly, on the final task of determining whether complaints management system influences customer loyalty in the spa and wellness services in Kenya, the study found out that, complaints management system significantly influences customer loyalty. Linear regression results also implied existence of a positive and significant relationship between complaints management system and effective customer loyalty. These findings were similar to several other past studies for instance that of, Wasfi and Olena, (2014) study on The Impact of Complaint Management on Customers Retention: Banking Industry in Sweden and Lebanon. Found out that, the aftermath of analysis led to fundamentally privileged outcome, whereas, subsequent to computing the extent to which complaint management influences customer retention, we were able to extract three formulas to determine the linear relationships between the variables that stimulate this calculation process.

## CHAPTER FIVE:

### SUMMARY, CONCLUSIONS AND RECOMENDATIONS

#### 5.1 Introduction

The chapter captures the summary of the study, conclusions and recommendations of the study. The study aimed to investigate the effect of relationship marketing on customer loyalty and wellness services in Nairobi county.

#### 5.2 Summary of study findings

The study endeavored to look at impact of the of relationship marketing strategies on customer loyalty of the Spas & Wellness services in Kenya. The multiple regression analysis results showed that changes in relationship marketing strategies including; personalized services, customized pricing, electronic relationship and complaints management system explains 51.4% of the variations on customer loyalty for the Spas & Wellness services in Kenya.

, the study endeavored to determine the influence of Personalized Services (PS) on customer loyalty for the Spas & Wellness services in Kenya. The analysis results showed that strong positive relationship exists between Personalized Services (PS) and customer loyalty. The study findings further revealed that Personalized Services (PS) strategies are always a significant consideration for customer loyalty and is the variable with the most influence in the model. There is also positive relationship showing that an improvement on Personalized Services (PS) will always lead to an increase in customer loyalty for the Spas & Wellness services in Kenya.

Secondly, the study sought to establish whether E-Relationship (ER) as a strategy in the Spas & Wellness services in Kenya affect customer loyalty, the study results revealed that E-Relationship (ER) as a strategy is always a significant factor for customer loyalty in the Spas & Wellness services in Kenya and as the variable with second most influence . The finding of the study results also indicated positive correlation which means that adoption of E-

Relationship (ER) strategies will always lead to an increase in customer loyalty in the Spas & Wellness services in Kenya.

Thirdly, as to whether Complaints Management System (CMS) affects customer loyalty in the Spas & Wellness services in Kenya, the study results established that Complaints Management System (CMS) strategies are always a significant for customer loyalty and was the second variable in the model. The study results however showed a positive relationship enhancement in Complaints Management System (CMS) efforts will always lead to an improvement in loyalty for the Spas & Wellness services in Kenya.

Lastly, as to whether Customized Pricing (CP) affects loyalty in the Spas & Wellness services in Kenya, the study results revealed that indeed Customized Pricing (CP) strategy influence loyalty of buyers in the Spas & Wellness services in Kenya and was found to be the least dominant concept in the model. The study also results showed a positive correlation that Customized Pricing (CP) strategy endeavors will always lead to customer loyalty in the Spas & Wellness services in Nairobi.

## **5.2 Conclusions**

It is apparent from the study findings that the four relationship marketing strategies discussed in the study that is; personalized services, customized pricing, electronic relationship and complaints management system were related to customer loyalty in the Spas & Wellness services in Kenya. Secondly, it was also established that; personalized services, customized pricing, electronic relationship and complaints management system as strategies of relationship marketing in the Spas & Wellness services in Kenya significantly influenced customer loyalty. This shows in policy, personalized services, customized pricing, electronic relationship and complaints management system need to be considered seriously with regards to customer loyalty with personalized services being the most critical for the Spas & Wellness services in Kenya.

## **5.3 Study Recommendations**

Based on the findings the researcher makes the following findings, the study makes the recommendations;

The employee relations activities of the Spas & Wellness services in Kenya contributed positively to the general customer loyalty. Consequently, the study recommends that, the Spas & Wellness services offering institutions should consider resource allocation and managerial consideration to personalized services ranking the most in order to keep customer satisfied hence loyalty which will help in growth of the sector.

The study also proposes that, marketing relationship strategies should be integrated to the core business objectives. In other words it is established that customized pricing or rather strategies around price is significant yes but customers are more obsessed with personalized services. In this regard management in the Spas & Wellness services should integrate marketing strategies with this in consideration.

The research work also proposes that, the management should ensure that grievance resolution mechanism strategies are those that ensure that grievance raised by employees are resolved promptly, fairly and consistently in order to maximize on customer loyalty.

Finally, the study recommends that the Spas & Wellness services in Kenya should invest more on service delivery as opposed to price strategies in this sector as there are signs of price elasticity

#### **5.4 Suggestions for Further Research**

The study can be replicated in other sectors other than the Spas & Wellness services, for comparison of results.

found that 51.4% of the variation is accounted for by the four marketing relationship strategies addressed in the with the 41.6% accounted for by other strategic endeavors like loyalty discounts can further be investigated.

## REFERENCES

- Akbar, M.M. and Parvez, N. (2009). Impact of Service Quality, Trust and Customer Satisfaction on Customer Loyalty. *ABAC Journal Vol. 29, No. 1, pp. 24-38.*
- Anahita Bagherzad Halimi, A. C. a. S. H. C. (2011). *The Influence of Relationship Marketing Tactics on Customer's Loyalty in B2C Relationship – the Role of Communication and Personalization. European Journal of Economics, Finance and Administrative Sciences (31).*
- Anastasia, A.D. (2009) “Customer satisfaction cues support market segmentation and Explain switching behavior.”, *Journal of Business Research* , Vol. 47, pp. 191-207.
- Anderson, E. W. & Fornell, C. (2011). *The Customer Satisfaction Index as a leading indicator*, in Handbook of Services Marketing and Management, Thousand Oaks: Sage.
- Barclays Bank Kenya (BBK). Retrieved 29<sup>th</sup> October, 2014, 2014. <http://in.reuters.com/finance/stocks/companyProfile?symbol=BBK.NR>
- Bilal Afsar, Z. U. R., Jaweria Andleeb Qureshi and Asad Shahjehan (2010). Determinants of customer loyalty in the banking sector: *The case of Pakistan African Journal of Business Management*, 4(6), 1040-1047.
- Boulding, W., Kalra, A., Staelin, R. and Zeithaml, V.A. (2013). A Dynamic Process Model of Service Quality: From Expectations to Behavioral Intentions. *Journal of Marketing Research*, Vol.30,February, pp.7-27.
- Buttle, F. (2009). “*Customer relationship management*”. Concepts and technologies. Second edition. Massachusetts: Elsevier Ltd.
- Cronin, J. Jr. and Taylor, S. A. (2004). SERVPERF versus SERVQUAL; Reconciling Performance-Based and Perception-Minus-Expectations. Measurement of Service Quality. *Journal of Marketing*, Vol. 58, No. 1, pp. 125-31.
- Crosby, L. A. K. R. E. a. D. C. (2010). Relationship Quality in Services Selling: an Interpersonal Influence Perspective. *Journal of Marketing*, 54(3), 68-81.
- Donald R. Cooper, Pamela S. Schindler, (2010) “*Business Research Methods*”, McGraw-Hill/Irwin 4th edition
- Dwyer, F. R., Schurr, P. H., & Oh, S. . (2011). Developing Buyer Seller Relationships. *Journal of Marketing*, 51, 11-27.
- Eagly, A. H., & Chaiken, S. (2013). *The psychology of attitudes*. Harcourt Brace Jovanovich College Publishers.
- Fazio, Russell H., and Michael A. Olson (2013). Attitudes: Foundations, Functions, and Consequences. *The Sage Handbook of Social Psychology*. London: Sage.

- Feng, X. Z. Y. (2012). The Impact of Customer Relationship Marketing Tactics On Customer Loyalty. *Journal of Marketing*, 54(3), 68-81.
- Foster, A. and Mandelbaum, R. (2015) Hotel Spas: The New Recreational Vehicle for Hotel Profits. [www.pkfc.com/common/industry](http://www.pkfc.com/common/industry). Accessed on 27th August, 2018
- Geyskens, I., Jan-Benedict E.M. Steenkamp and Nirmalya Kumar. (2009). A Meta-Analysis of Satisfaction in Marketing Channel Relationships. *Journal of Marketing Research*, 36(2), 223-238.
- Godson, M. (2009). *“Relationship marketing”*. Oxford: Oxford University Press.
- Government of Kenya (2015). *“Economic Recovery Strategy for Wealth and Employment Creation, 2010-2015”*, June. Kenya Private Sector Alliance (2015). *“KEPSA Strategy.”* Nairobi.
- Grönroos, C. (2011). *The Marketing Strategy Continuum*. A Marketing Concept for the 1990.s. . *Management Decision*, 29(23(4)), 225-254.
- Gummesson, E. (2012). *The New Marketing: Developing Long-Term Interactive Relationships*. 20(4), 10-20
- Heskett, J., Sasser, W., Schlesinger, L. (2007). *“The service profit chain. How leading companies link profit and growth to loyalty, satisfaction, and value”*. New York: The Free Press.
- Hogg, M., & Vaughan, G. (2005). *Social Psychology (4th edition)*. London: Prentice-Hall.
- Homes Kenya Limited, (2016) *“Homes Universal; A real estate consortium”*. Available at: [www.homeskenya.com](http://www.homeskenya.com) | [www.kenyahomesexpo.com](http://www.kenyahomesexpo.com)
- István Szűts, Z. T. (2012). *Customer Loyalty Problems in Retail Banking*. 6th International Conference on Management, Enterprise and Benchmarking.
- Jane, G. (2015). *“Male Hairdressers. Salon Business Solutions”*. The Professional Salon Business management Journal, 18, 50. London: Johnson Institute of Chartered Accountants
- Keller, K. (2013). Conceptualizing, measuring, managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-22.
- Kotler, P. a. A., G. (2009). *Principles of marketing*. In U. S. R. Prentice-Hall (Eds.) (Vol. 8th edition, McKenna, R. Relationship Marketing Tactics and Trends.
- Lam, R. and Burton, S. (2006). SME Banking Loyalty (and Disloyalty): A Qualitative Study in Hong Kong. *International Journal of Bank Marketing*, Vol. 24 Issue:1, pp37-52.
- LaPiere, R. T. (1934). [Attitudes vs. Actions](#). *Social Forces*, 13, 230-237.

- Lovelock, C. and Wirtz, J. (2014). *Services Marketing-People, Technology, Strategy*. 5th edition. Prentice Hall.
- Maritan, C. A. (2007). *“Dynamic Capabilities and Organizational Processes”*. In Helfat, C. et al. *Dynamic Capabilities – Understanding Strategic Change in Organizations*. Oxford: Blackwell, Publishing.
- McDonald, L. (2012), “Customer Relationship Management - An Overview”, Available at [http://www.brillianceweb.com/betterwebdesign/tips\\_48.aspx](http://www.brillianceweb.com/betterwebdesign/tips_48.aspx), Accessed on September 30, 2016
- Moriarty, R., Kimball, R and Gay, J. (2013). *The management of corporate banking relationships*. Sloan Management Review, 24, 3-15.
- Mugenda, O. M. and Mugenda, A. G. (2010). *Research Methods, Quantitative and Qualitative Approaches*, Acts press, Nairobi.
- Ndubisi, N. O. (2014). *Understanding the Saliency of Cultural Dimensions on Relationship Marketing, It's Underpinnings and Aftermaths*. Cross Cultural Management, 11(3), 70-89
- Nicholas Kinports, (2015) *Agencies Behind in Customer Relationship Management*, brand management journal. Available at: <http://lonelybrand.com/blog/agencies-behind-in-customer-relationship-management/> Accessed on 17th October 2016.
- Njiru, J.; Cheruiyot, D. (2011) *“The role of business incubation in fostering entrepreneurship and SMEs in Africa”*. Paper presented at the 3rd International Entrepreneurship Conference: United States International University (USIU), Nairobi.
- O'Fallon, M. J., & Rutherford, D. G. (2011) *“Hotel management and operations”* Hoboken, N.J.: John Wiley & Sons, Inc., [2011] ©2011 Fifth Edition
- Panda, T.K. (2013). *Creating Customer Lifetime Value through effective CRM in Financial Services Industry*, *Journal of Services Research*, 2 (2), 157-171.
- Peelen, E. (2005). *“Customer relationship marketing”*. Edinburgh: Pearson Education Limited.
- Peter Doyle, (2010). *Value-Based Marketing: Marketing Strategies for Corporate Growth and Shareholder Value*. Wiley, 2010
- Philip Kotler, Kevin Lane Keller, Abraham Koshy, Mithileshwar Jha: (2009) "Marketing Management: A south Asian Perspective", Pearson, 13th Edition (2009) 117-121.
- Seed LM, Mahout H (2011). *“A survey on the relationships between perceived value and customer advocacy behavior”* International conference on innovation. Management and service impeder vol.14. Public shying licit press, Singapore, Selling: An Interpersonal Influence Perspective’, *J. Marketing*, 54, (3), 68-81.

- Stephanie, M. (2016). *“From Hobby to Professionalism”* Salon Business Solutions: The Professional Salon Business management Journal, 2, 6.
- Teece, D. (2007). “Explicating Dynamic Capabilities: The Nature and Micro foundations of (sustainable) enterprise performance”. *Strategic Management Journal*, 28 (13), 1319-1350.
- Tseng, Yi Ming (2007). The Impacts of Relationship Marketing Tactics on Relationship Quality in Service Industry, *The Business Review*, Cambridge; Summer 2007, 7 (2), pp.310-314.
- Zairi, M. (2010). *Managing Customer Dissatisfaction Through Effective Complaint Management Systems*. *The TQM Magazine*, 12 (5), 331-335

## **APPENDIX I: LETTER OF INTRODUCTION**

I **Victor Mwendwa Mita**, (ADM NO D61/83936/2016) have been a post-graduate student at the University on Nairobi, school of business. As part of the program I am required to do a thesis. By participating in the interview as a respondent, you will be providing helpful information to the development of knowledge in the field under study. Your responses will be kept confidential and only used as part of supporting the research and results of my final project with analyzed data will be made available once completed.

If you have any questions or concerns regarding this study and would like to seek clarifications, please contact my supervisor at University on Nairobi. School of Business Dr John Yabs, through telephone +254722871738

Thank you in advance for your assistance.

Sincerely,

**Victor Mwendwa Mita**

## APPENDIX II: RESEARCH QUESTIONNAIRE

### Part A: Respondents Profile.

Kindly tick where appropriate inside the box

**1. Gender:**

Male

Female

**2. Age Bracket:**

20-30	31-40	41-50	51-60	61 < Above

**3. Highest level of education**

Primary school	Secondary/high school	Diploma level	Undergraduate degree	Masters degree	PHD	Others (Specify)

**4. Length of service/involvement in the Spas & Wellness sector**

Less than 5 years	5-10 years	10 -20 years	Over 20 years

**Section B: Objectives**

**PART II: CUSTOMER LOYALTY ASSESMENT (CL)**

5. Please indicate your overall assessment of customer loyalty by placing a check (✓) mark in the appropriate box below using the following scale; **1. Strongly Agree (SA)** **2. Agree (A)** **3. Neutral (N)** **4. Disagree (D)** **5. Strongly Disagree (SD)**

	<b>Customer Loyalty</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>CL1</b>	I consider myself to be a loyal patron of the spa & wellness centre					
<b>CL2</b>	I would continue to do business with the spa & wellness centre even if its prices increased somewhat					
<b>CL3</b>	I have and would use word of mouth referrals to friends and members of my family to do business with the spa & wellness centre					
<b>CL4</b>	I have been a loyal customer to the spa & wellness centre and would continue being one.					

**PART II: PERSONALIZED SERVICES (PS)**

6. Please indicate your overall assessment of the influence of personalized services on customer loyalty by placing a check (√) mark in the appropriate box below using the following scale; **1. Strongly Agree (SA) 2. Agree (A) 3. Neutral (N) 4. Disagree (D) 5. Strongly Disagree (SD)**

<b>Personalized Services</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>PS1</b>	I do have all the available customer choices I would want for my spa & wellness needs at this facility					
<b>PS2</b>	Both customer and the facility flexibility with regards to adjusting to customer needs is perfect at this facility					
<b>PS3</b>	My profile and social status is adequately served by the spa & wellness centre					
<b>PS4</b>	I am extremely satisfied by the way I am personally being served by the spa & wellness centre					

**PART III: CUSTOMIZED PRICING (CP)**

7. Please indicate your overall assessment of the influence of customized pricing on customer loyalty by placing a check (√) mark in the appropriate box below using the following scale; **1. Strongly Agree (SA) 2. Agree (A) 3. Neutral (N) 4. Disagree (D) 5. Strongly Disagree (SD)**

	<b>Customized Pricing</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>CP1</b>	The organization always reward customers for bulk purchases/ repeat buys/engagements and this has improved customer loyalty					
<b>CP2</b>	The management do have promotional offers for customers' and also in some instances may promise a reward after they make a purchase					
<b>CP3</b>	I can authoritatively assert that the firm do reward customers who have purchased/ got services a specific number of times and this make the return					
<b>CP4</b>	The management has also instituted differential pricing and members-only pricing strategies and this have had impact on customer loyalty					
<b>CP5</b>	The institution also offers dynamic pricing and customer loyalty schemes all of which have boosted customer loyalty					

**PART III: ELECTRONIC RELATIONSHIP (E-RELATIONSHIP) (ER)**

8. Please indicate your overall assessment of the influence of E-Relationship (ER) on customer loyalty by placing a check (√) mark in the appropriate box below using the following scale; **1. Strongly Agree (SA) 2. Agree (A) 3. Neutral (N) 4. Disagree (D) 5. Strongly Disagree (SD)**

<b>E-Relationship (ER)</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
<b>ER1</b>	E-Relationship platform by the firm offers conveniences e.g. service booking and scheduling and this has boosted customer loyalty					
<b>ER2</b>	Electronic Relationship platform of the institution has also helped customers to give feedback easily which benefits the firm in developing more customized services					
<b>ER 3</b>	Electronic Relationship also plays vital role in business operations efficiency and this has enhanced customer service					
<b>ER 4</b>	E-Relationship platform has enhanced collaboration between the organization and customers as well as promotes the developing of e-relationship					
<b>ER5</b>	E-Relationship platform has also enabled buying online which is extremely flexible and convenient as well as time and money saving					

**PART IV: COMPLAINTS MANAGEMENT SYSTEM (CMS)**

9. Please indicate your overall assessment of the influence of complaints management system on customer loyalty by placing a check (√) mark in the appropriate box below using the following scale; **1. Strongly Agree (SA) 2. Agree (A) 3. Neutral (N) 4. Disagree (D) 5. Strongly Disagree (SD)**

<b>Complaints Management System (CMS)</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
CMS1	My problems and disagreement with the Spas & Wellness services are always resolved satisfactorily and feel always listened to.					
CMS2	They Spas & Wellness services centre have systems (conflict-handling strategies) and officers specifically trained on conflict resolution and always anticipate problems before they occur.					
CMS3	I have never had conflict with the Spas & Wellness services centre since they always satisfied with the service					
CMS4	I strongly believe that the Spas & Wellness services centre have strong conflict management resolution system and this has a bearing on my loyalty with them					

**THANK YOU FOR YOUR PARTICIPATION!**

**APPENDIX V: LIST OF REGISTERD SPAS & WELLNESS CENTERS IN NAIROBI  
COUNTY-KENYA**

---

**List Of Registerd Spas & Wellness Centers In Nairobi County-Kenya**

---

1. Zuberi Slim Therapy and Beauty Spa
2. Reform Cycling and Strength Studio
3. Primp & Coddle
4. Oak Therapy Spa
5. Tangerine Ink
6. Angsana Spa Sankara Nairobi
7. Unique Slim Point & Spa
8. Tayiana Garden Spa
9. Tulia wellness
10. Aristocuts
11. Dee & U Spa
12. Nywele Nzuri
13. Miss White Hair Studio & Spa
14. Revitalize Wellness Center
15. Healthland Spa
16. Duma Health and Fitness
17. Kempinski The Spa
18. Entim Sidai
19. Kaya Spa
20. Wild Earth Day Spa
21. Devarana Spa
22. Aromatics Spa
23. Saffron Day Spa & Salon
24. **Serenity Spa**

---

**THANK YOU**