BRAND LOYALTY PROGRAMMES AND COMPETITIVENESS OF FIVE STAR HOTELS IN NAIROBI

BY

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DECLARATION

This Research Project is my original work and has not been submitted for a degree work in any other University.

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This Project has been submitted for examination with my approval as the University Supervisor.

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ABBRVIATIONS AND ACRONYMS

AADVANTAGE – American Airline Advantage

ARR – Average Room Rate.

HRA – Hotels and Restaurants Authority

LAICO – Libya African Investment Corporation.

USA – United States of America
ABSTRACT

Competition among the various hotel brands has led to the need to attract and retain customers and adopt ways of adding greater value to these customers like having brand loyalty programmes. These programmes aim at more or less locking in loyal customers by providing preferential services as a way of rewarding their loyalty. These customers will in turn identify with the particular brand and strive to maintain brand loyalty in order to enjoy the benefits of the programme. The hotel brands will therefore enjoy competitive advantage due to these loyal customers. The research was centered on the two concepts of competitive advantage and brand loyalty. Literature was gathered on these concepts while paying close attention to the practice in the hotel industry. Findings from closely related studies were also considered before embarking on the actual research. Brand loyalty programmes were identified from five star hotels in Nairobi and all the pertinent information relating to the programmes and the performance of the hotels gathered through a questionnaire. The questionnaires were sent through both soft and hard copies and responses were available within five weeks. Data was collected and collated in a suitable manner for ease of statistical analysis. All the pertinent information relating to the brand loyalty programmes and performance of the hotels were analyzed. A comparison was drawn between the hotels that have actively adopted brand loyalty programmes and those that do not embrace these programmes. The findings revealed that the hotels adopting brand loyalty programs performed better than the hotels without brand loyalty programs. An important conclusion drawn was that brand loyalty programs indeed guarantees some measure of competitive advantage to the five star hotels in Nairobi.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Tourism has grown to be a significant sector globally and is driving the economies of most countries. These countries therefore make deliberate efforts to improve tourist destinations in order to make them more attractive and competitive. Kenya has not been left behind in the tourism and travel sector and the country has increased the number of destinations over the years.

Whether the motivation is leisure or business, the traveling population will need good accommodation and other services that go with it. The greater the influx of tourists, the greater the demand will be for hotel services. The location of tourist class hotels in Kenya has been strategic for both leisure and business travelers. Leisure travelers are more attracted to scenic resorts, sandy beaches, game lodges and the beautiful wild. Business travelers tend to prefer tranquil locations with full fledged business centre and proximity to international airports. The location aside, most modern hotels cater for both business and leisure travelers.

Tourism industry has also remained sensitive to negative signals like travel advisory, travel bans, epidemic outbreak and terrorist threats. Governments and industry players will therefore do everything possible to avoid sending these negative signals to tourists. Some of these negative signals may be brought about by external forces beyond the control of governments and domestic industry players while some are well within their control. They are able to control internal dynamics like security, infrastructure, upgrading facilities and enhancing the level of service.
Kenya is endowed with attractive natural destinations like sandy beaches, game reserves offering unrivalled wildlife variety, geographical features (mountains, valleys, craters) and fresh water lakes and rivers with abundant aquatic life. These natural destinations therefore offer a competitive advantage for the hotels, lodges and resorts located in these areas. Competitiveness in the hotel industry does not end with naturally beautiful destinations but other factors like the infrastructure, quality of facilities and service standards also play an important role.

Service standards are enshrined in the service promise of most hotels and customers will be more satisfied when these service promises are fulfilled. These hotels would therefore want to set apart their service standards to enhance brand identity. Indeed customers will identify with a brand that fulfills their service standards or service promise and go beyond in meeting their expectations. The identification with a brand will lead to brand loyalty from the customers. Hotels will therefore strive to keep loyal customers in order to gain competitive advantage hence the emergence of brand loyalty programs. This research will attempt to get data on repeat business due these brand loyalty programs hence the evidence that the programs indeed offer competitive advantage.

1.1.1. Competitive advantage

Competitive advantage enables firms to enjoy unassailable position in the market through erecting barriers to small local rivals or new entrants (Robert, 2000). Competitive advantage can help firms erect entry barriers through economies of scale, proprietary products, synergistic alliances and expected retaliation (Porter, 1998). While possession of more relevant knowledge make it easier for firms to win a competitive war (Inkpen, 1998), companies can in addition create a competitive advantage by becoming champions at defining the pattern of successful innovation that creates greater customer satisfaction.

The quest to gain competitive advantage is among the key strategies of any organization (Thompson et al, 1997). Business strategy usually is designed to position the organization within the industry so that over a long period it can earn a high rate of return on its investment. To achieve this position, an organization must implement a business strategy
that develops and sustains an advantage over its competitors. This competitive advantage can be achieved majorly through a differentiation strategy or a low cost strategy.

Brand loyalty programs can be viewed both as a differentiation strategy and a low cost strategy. It is a differentiation strategy because of the unique nature of these different programs that differentiates one hotel chain from the other and eventually differentiates the hotels embracing brand loyalty programs from those that do not. The programs are viewed as a low cost strategy especially for the large hotel chains able to lock in their customers through brand loyalty programs thereby enjoying repeat business and reducing on marketing and advertising costs. Industry leaders are consequently building their competitive advantage through collaboration, customer relationship management and loyalty programs (Narayandas, 2005)

1.1.2. Concept of Brand Loyalty

The concept of brand loyalty has been studied over the years and it not only applies to tangible products but also brands in the service industry that meets and exceeds customer’s expectations. Brand loyalty can be defined as repeat purchase intention and as behavior (Keller, 2008). It is thought of as internal commitment to purchase and repurchase a particular brand. Brand loyal customers will therefore be seen as an extension of the company’s sales force because they spread positive word-of-mouth publicity

Brand loyalty represents a favorable attitude toward a brand, resulting in consistent purchase of the brand over time. It happens after consumers learn that one brand can satisfy their needs (Assael, 1998). To be truly loyal, the consumers must hold favorable attitude toward the brand in addition to purchasing it repeatedly. Brand loyalty is product specific. Consumers will be loyal to brands in one category and will have little loyalty to brands in other categories (Assael, 1998).

The advantages of brand loyalty to the organization include; Reduced marketing costs-It is simply much less costly to retain customers than to get new ones. Potentially new
customers usually lack motivation to change from current brands and are expensive to contact. Even when they are exposed to alternatives they will often need substantial reason to risk using another brand (Aaker, 1991). Other loyalty related marketing advantages such as favorable word of mouth and greater resistance among loyal customers to competitive strategies have also been suggested. Brand loyalty also leads to trade leverage which is particularly important when introducing new sizes, new varieties, variations or brand extensions (Aaker, 1991). Other benefits include attracting new customers, i.e. a satisfied customer base provides an image of the brand as accepted and successful hence providing assurance to new customers (Aaker, 1991). Brand loyalty also gives a company time to respond to competitive threats—provides some breathing room. If a competitor develops a superior product, a loyal following will allow the firm time needed for the product improvements to be matched or neutralized.

In order to reap the above benefits, organizations must not only manage loyalty, but they must also enhance it (Aaker, 1991). To manage and enhance brand loyalty, most hotels have come up with brand loyalty programs. These programs aim at more or less locking in loyal customers by providing preferential services as a way of rewarding their loyalty. These customers will in turn identify with the particular brand and strive to maintain brand loyalty in order to enjoy the benefits of the program. In the long run, the customers will find it cheaper to associate with the particular brand because of the high level preferential and prohibitive switching costs.

The rewards and benefits vary from one hotel to another and mainly depend on the level of loyalty or ‘loyalty points’ earned by the customer. The rewards in the loyalty program range from free meals, complimentary accommodation, travel packages, holiday packages, credit facilities, special gifts, personalized service, longer stay in rooms, increased room amenities, unlimited access to certain facilities, etc. These reward programs are usually backed by excellent customer service that include fast and efficient customer support systems, ease of reporting and processing complaint and friendliness.
1.1.3. Hotel Industry in Kenya

The hotel industry falls under the broad sector of tourism which is a major contributor to the growth of Kenyan economy and therefore the hotel service industry is driven by tourism growth. The Ministry of Tourism is charged with the responsibility of creating an enabling environment for the hotel and tourism industry to thrive and remain competitive. A key approach in ensuring this competitiveness is the process of hotel classification whereby all the tourist class hotels in the country are assessed and classified based on the level of facilities and service standards. Hotels and restaurants in Kenya are classified by Hotels and Restaurant Authority (HRA) in conjunction with other stakeholders and with due consideration to international benchmarks. They are classified and gazetted as one, two, three, four and five stars (Kenya gazette notice, 2004).

The Hotels and Restaurants Act (CAP 494, Laws of Kenya) is the Act which governs the licensing of Hotels and Restaurants in the country and it provides for regulation of Hotels, Restaurants and Lodges. The Act provides for collection of training levy to finance training programs for personnel working in the tourism industry. The Act, through the Hotels and Restaurants Authority, also deals with matters incidental to and directly connected with the management of Hotels and restaurants in the country.

It has been noted that Kenya’s hotel infrastructure is dispersed over the entire country although the concentration and quality varies widely (Bachmann, 1988). Many of Kenya’s main tourist hotels are found in the major cities and resort areas including Nairobi, Mombasa, Malindi, Nakuru and Kisumu. Other tourist hotels are located on the south coast region, which includes Diani and Tiwi beaches, around the Mt. Kenya region and in the central part of the great rift valley. Lodges and tented camps are found mainly in the West (covering Amboseli and Maasai Mara) and the northern parts of Kenya at Isiolo, Samburu and Maralal.
1.1.4. Five Star Hotels in Nairobi

The present hotel star rating in the country has five star hotels at the apex and it is expected that the quality benchmarks for these ratings shall be higher as the hotels strive to improve the quality of their facilities and service in order to remain competitive. The country has a number of five star hotels most of which are embracing modern business practices in a constant quest to gain competitive advantage. Moreover most of these hotels are networked in a chain anchoring a given brand that competes both locally and internationally.

Contextually, the research will focus on all the five star hotels in Nairobi that presently have brand loyalty programs for their customers. The listed five star hotels in Nairobi include Fairmont Norfolk, Nairobi Hilton, Intercontinental Hotel, The Stanley, Nairobi Safari Club, Windsor Hotel, Safari Park, Laico Regency, Panari Hotel, Sankara Hotel, The Tribe Hotel, Nairobi Serena and The Crown Plaza. The selected hotels will be discussed further in the project report.

The research will therefore identify these programs from the listed hotels and get some information on the history of the programs, the number of clients in the programs, the benefits in the programs and specifically the number of repeat businesses due to the programs. The comparative competitive advantages of the various programs, the alignment of the programs to the business strategy and any other pertinent program information shall also be discussed.

1.2 Research problem

The concept of brand loyalty as discussed above shows the theoretical aspect of how applicable brand loyalty programs are in the hotel industry. A lot of literature on brand loyalty dwells on the tangible product (goods) rather than the entity that offers the service to the satisfaction of customers. It is therefore imperative for an empirical research to be
conducted in order to gain insights into the concept of competitive advantage as it relates to the hotel industry as a whole and specifically draw a conclusion on whether brand loyalty reward programs indeed offer competitive advantage. Brand loyalty programs as a competitive tool in the hotel industry is yet to be fully explored and conclusions on specific tangible benefits drawn. This therefore means that a research gap exists in this area and hotel managers will be challenged to focus more on using these programs as a competitive tool and determine how it influences repeat business. Most of the previous research studies on brand loyalty and competitive advantage done in Nairobi and other parts of the country focused on other industries apart from the hotel industry.

Most of the five star hotels in Nairobi are professionally run and they employ well trained and qualified managers who understand business management. The hotels therefore have mechanisms of measuring performance and through simple comparison of performance parameters, they can tell if indeed they have a competitive edge over their competitors. It is interesting to note that most of the five star hotels in Nairobi co-operate when it comes to sharing performance information or parameters. Some of these performance parameters include room occupancy percentage, average room rates, revenue per available room, food covers served and cost per food cover. The research will therefore consider these performance parameters and link them to the hotel activities including brand loyalty programs. It is these performance parameters that defines the overall financial performance hence the competitive advantage.

In a research paper on brand loyalty in telecommunications industry (Kisaka, 2009), it was concluded that loyalty programs contributed for very little in the decision by customers to prefer a given mobile phone operator. Another research paper (Ogonje, 2010) concluded that the image of the brand did not influence the choice of packaged liquid brands among consumers. Wambugu (2002) investigated the factors that determine brand loyalty in selected supermarket chains in Nairobi and found that the top five factors were: Availability of all type of merchandise, location of the supermarket, convenient operating hours, and prompt service and courtesy of employees. Dulo (2006) concluded that brand contributes upto 10% in terms of competitive advantage in his study, "The
services of competitive advantage and the performance of firms in the Kenya sugar industry. Omuya (2007) looked at hotel/tourism industry and concluded that facilities and services like game drives, bush meals, nature walk, sporting activities influenced destination choices in a study entitled, "Analysis of factors influencing the middle and high end segments of the tourism industry in Kenya. Okengo (2007) studied the synchro marketing adopted by star rated hotels and concluded that hotels networked in chains tend to adopt the 4 P's of marketing than the independent hotels. A closer study by karuiki (2006) looked at the Competitive strategies and performance of five star hotels in Kenya and concluded that certain differentiation strategy elements like hotel location, room standard, food quality, level of service do contribute to high performance of 5 star hotels.

Services could be a little different because the people preferring a given class or level of service are able and willing to pay for the exceptional service. Five star hotels are considered luxurious by many standards and therefore these customers may not worry about the pricing structure but the added value provided by these hotels. In view of this difference, it was therefore important to attempt to establish the linkage between brand loyalty programs and the level of business or competitive advantage. This research therefore attempted to answer the following questions:

(i) How relevant is brand loyalty program as a competitive tool in the hotel industry?

(ii) Do these programs really add value by offering the competitive edge?

1.3 Research Objectives

The specific research objectives of this study include:

(i) To identify the various brand loyalty programs in five star hotels in Nairobi.

(ii) To find out if brand loyalty programs give competitive advantage to five star hotels in Nairobi.
1.4. Value of the Study

2.1 Introduction

This research will provide valuable information and data that will immensely contribute to the theory and practice of Hotel management. Through the research, a new dimension of competitiveness in the hotel industry shall be given and the effect of rewarding customer loyalty shall be appreciated. Hotel brands will be more enthusiastic to add value to their loyal customers and ultimately lock them in with the brand.

The findings of this study will also be useful to other industries especially in service industries where customer care takes centre stage. Customers value recognition and are likely to bring repeat business when they get recognized. This repeat business is important for growth and survival of the organization.

2.2 Concept of Competitive Advantage

This study finding also hopes to encourage partnerships or strategic alliances as a modern business practice. Rather than engage in cut-throat competition, organizations can add more value by partnering in the bid please their customers. Happy customers will share their experiences and thereby bring in new business that eventually gives organizations the desired competitive advantage.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter discussed the two concepts of competitive advantage and brand loyalty and also highlight how these concepts forms the basis of the research. A lot has been published about these concepts on an independent basis. While the concept of brands or branding resonates well in marketing it still has a great role to play in terms of product or service identification and therefore brands that are perceived to be strong gives the brand owner a competitive edge. Brand loyalty happens when the end user prefers a particular brand hence the likelihood of giving a competitive advantage to the brand owner.

2.2 Concept of Competitive Advantage

Porter (1998) defines competitive advantage as a position a firm occupies against its competitors. It implies a distinct, and ideally sustainable edge over competitors (Thompson, 1997). Barney (2007) also concurs when he defines competitive advantage as the ability of a firm to create more economic value than rivals. He further identifies two types of competitive advantage, i.e. temporary competitive advantage (short lasting) and sustained competitive advantage (long lasting). Competitive advantage is therefore more than the idea of competitive strategy which may or may not prove distinctive (Johnson et al, 2008). It is important to remember that competitive advantage is being sought for one major purpose; to serve customers real needs, it is not simply to beat competition (Ohmae, 1988).

Competitive advantage is created and sustained when a firm performs the most critical functions either more cheaply or better than its competitors (Porter, 1998). He further says that sustained competitive advantage requires effective control of cost drivers and those economies of scale, learning, linkages, inter-relationships and timing provide the
key opportunities for creating advantage. Porter (1998) has shown how companies can seek broad advantage within an industry or focus on one or a number of distinct segments. He argues that advantage can accrue from cost leadership, differentiation and focus strategies.

How long firms are able to sustain competitive advantages has interested scholars for some time. Traditional economic theory predicts that such advantages should be short-lived in highly competitive markets. This theory suggests that any competitive advantages gained by a particular firm will quickly be identified and imitated by other firms, ensuring competitive parity in the long run. In real life, however, competitive advantages often last longer than traditional economic theory predicts. What makes a competitive advantage sustainable as opposed to temporary are the actions and elements in a company’s strategy that cause an attractive number of buyers to have a lasting preference for a company’s products and services as compared to the offerings of competitors (Thompson et al, 2007).

According to Porter (1998), competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm’s cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. Porter (1998) argues that there are two basic types of competitive advantage: Cost leadership and differentiation.

The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus. The focus strategy has two variants, cost focus and differentiation focus. The generic strategies are shown in figure 1 below.
Each of the generic strategies involves a fundamentally different route to competitive advantage, combining a choice about the type of competitive advantage sought with the scope of the strategic target in which competitive advantage is to be achieved. The cost leadership and differentiation strategies seek competitive advantage in a broad range of industry segments, while focus strategies aim at cost advantage (cost focus) or differentiation (differentiation focus) in a narrow segment. In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry and may include the pursuit of economies of scale, proprietary technology and preferential access to raw materials (Porter, 1998). In the case of differentiation, a firm seeks to be unique in its industry.

**Figure 2.1 – Competitive Strategies.**

<table>
<thead>
<tr>
<th>Competitive Scope</th>
<th>Narrow Target</th>
<th>Broad Target</th>
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<tbody>
<tr>
<td>Cost Leadership</td>
<td>1. Cost Focus</td>
<td>2. Differentiation</td>
</tr>
<tr>
<td>Differentiation Focus</td>
<td>3A. Cost Focus</td>
<td>3B. Differentiation Focus</td>
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along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs (Porter, 1998). The firm is rewarded for its uniqueness with a premium price. A focused differentiation strategy seeks to provide high perceived product/service benefits justifying a substantial price premium, usually to a selected market segments or niche (Johnson et al, 2008). These three generic strategies are discussed in the paragraphs below.

Cost Leadership is the clearest of the three generic competitive strategies. In this case, a firm sets out to become the low cost producer in its industry. The firm has a broad scope and serves many industry segments, and may even operate in related industries. The firm’s breadth is therefore more important to its cost advantage. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials, etc. A low cost producer must find and exploit all sources of cost advantage. Low cost producers typically sell a standard, or no-frills, product and place considerable emphasis on reaping scale or absolute cost advantages from all sources (Porter, 1998).

If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry provided it can command prices at or near the industry average. At equivalent or lower prices than its rivals, a cost leader’s low cost position translates into higher returns. A cost leader, however, cannot ignore the bases of differentiation. If its product is not perceived as comparable or acceptable by buyers, a cost leader will be forced to discount prices well below competitor’s to gain sales. This may nullify the benefits of its favourable cost position.

A cost leader must achieve parity or proximity in the bases of differentiation relative to its competitor to be an above average performer, even though it relies on cost leadership for its competitive advantage (Johnson et al, 2008). Parity in the bases of differentiation allows a cost leader to translate its cost advantage directly into higher profits than competitors. Proximity in differentiation means that the price discount necessary to achieve an acceptable market share does not offset a cost leader’s cost advantage and
hence the cost leader earns above average returns. The strategic logic of cost leadership usually requires that a firm be the cost leader, not one of several firms vying for this position. When there is more than one aspiring cost leader, rivalry among them is usually fierce because every point of market share is viewed as crucial. Unless one firm can gain a cost lead and "persuade" others to abandon their strategies, the consequences for profitability (and long-run industry structure) can be disastrous. Thus cost leadership is a strategy particularly dependant on preemption, unless major technological change allows a firm to radically change its cost position.

Differentiation as a strategy confers uniqueness as an advantage. In this case a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs (Porter, 1998). The firm is rewarded for its uniqueness with a premium price. The means for differentiation are peculiar to each industry. Differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach and a broad range of other factors. In cosmetics industry for example, differentiation tends to be based more on the product image and the positioning of the counters in the stores.

A firm that can achieve and sustain differentiation will be an above average performer in its industry if its price premium exceeds the extra cost incurred in being unique. A differentiator, therefore, must always seek ways of differentiating that lead to a price premium greater than the cost of differentiating. A differentiator cannot ignore its cost position, because its premium prices will be nullified by a markedly inferior cost position. A differentiator thus aims at cost parity or proximity relative to its competitors, by reducing costs in all areas that do not affect differentiation.
The logic of differentiation strategy requires that a firm choose attributes in which to differentiate itself that are different from its rivals (Porter, 1998). A firm must be truly unique at something or be perceived as unique if it is to expect a premium price. In contrast to cost leadership, however, there can be more than one successful differentiation strategy in an industry if there are a number of attributes that are widely valued by buyers.

Focus strategy on the other hand is quite different from the others because it rests on the choice of a narrow competitive scope within an industry. A focused differentiation strategy seeks to provide high perceived product/service benefits justifying a substantial price premium, usually to a selected market segments or niche (Johnson et al, 2008). In many markets these are described as premium products and are usually heavily branded. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimizing its strategy for the target segment, the focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall.

2.3 Measuring Competitive Advantage

According to Porter (1998), the focus strategy has two variants, cost focus and differentiation focus. In cost focus, a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser’s target segments and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segment. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Porter, 1998). Such differences imply that the segments are poorly served by broadly-targeted competitors who serve them at the same time as they serve others. The focuser can thus achieve competitive advantage by dedicating itself to the segments exclusively. Breadth of target is clearly a matter of degree, but the essence of focus is the exploitation of a narrow target’s differences from the balance of the industry. Narrow focus in and of itself is not sufficient for above-average performance.
A focuser takes advantage of sub optimization in either direction by broadly-targeted competitors. Competitors may be underperforming in meeting the needs of a particular segment, which opens the possibility for differentiation focus. Broadly-targeted competitors may also be over performing in meeting the needs of a segment, which means that they are bearing higher than necessary cost in serving it. An opportunity for cost focus may be present in just meeting the needs of such a segment and no more. Therefore if a focuser’s target segment is not different from other segments, then the focus strategy will not succeed (Porter,1998).

If a firm can achieve sustainable cost leadership (cost focus) or differentiation (differentiation focus) in its segment and the segment is structurally attractive, then the focuser will be an above average performer in its industry. Segment structural attractiveness is a necessary condition because some segments in an industry are much less profitable than others. There is often room for several sustainable focus strategies in an industry, provided that focusers choose different target segments.

### 2.3 Measuring Competitive Advantage

A firm has a competitive advantage when it creates more economic value than its rivals (Barney, 2007). Economic value is the difference between the perceived customer benefit associated with buying a firm’s products or services and the cost of producing and selling these products and services. These are deceptively simple definitions, however, and these concepts are not always easy to measure directly (Barney, 2007). For example, the benefits of a firm’s products or services are always a matter of customer perception, and the perceptions are hard to measure. Also, the total costs associated with producing a particular product or service may not always be easy to identify or associate with the particular product or service.
According to Barney (2007), there are two approaches in measuring competitive advantage. The first estimates a firm’s competitive advantage by examining its simple accounting performance; the second does it by examining the firm’s adjusted accounting performance. Simple accounting measure is the most popular way of measuring a firm’s performance by using simple accounting measures. Simple accounting measures of performance are publicly available for many firms. They communicate a great deal of information about a firm’s operations. Accounting approaches to characterization of a firm’s performance often rely on ratio analysis. Accounting ratios come in various types. Some of the most important accounting ratios that are tied to a firm’s performance include Profitability ratios, Liquidity ratios, Turnover ratios, market value ratios and financial leverage ratios (Ross, et al, 2007)

Simple Accounting Measures of Competitive advantage is the most popular way of measuring a firm’s performance by using simple accounting measures. Simple accounting measures of performance are publicly available for many firms. They communicate a great deal of information about a firm’s operations. Accounting approaches to characterization of a firm’s performance often rely on ratio analysis. Accounting ratios come in various types. Some of the most important accounting ratios and what they suggest about a firm’s performance are listed in table 2.1

The limitations of accounting measures include Managerial discretion, short term bias and the difficulty in valuing Intangible resources and capabilities (Barney, 2007). Managers often have some discretion in choosing accounting methods including methods of counting revenue, valuing inventory, rates of depreciation, depletion, amortization, etc. As for Short term bias, most simple accounting approaches to measuring performance have a built in short term bias. This is because longer term multiple year investments in a firm are usually treated, for accounting purposes, simply as costs for those years in which they do not generate revenues that exceed costs. A firm’s intangible resources and capabilities are productive assets that are difficult to observe, describe and value but can have a significant effect on a firm’s performance. They include brand awareness, customer relationships and loyalty to the firm
### Table 2.1 - Accounting Ratios

<table>
<thead>
<tr>
<th>I. Short term solvency, or liquidity, ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ratio = Current assets</td>
</tr>
<tr>
<td>Current liabilities</td>
</tr>
<tr>
<td>Quick ratio = Current assets – Inventory</td>
</tr>
<tr>
<td>Current liabilities</td>
</tr>
<tr>
<td>Cash ratio = Cash</td>
</tr>
<tr>
<td>Current liabilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Long term solvency, or Financial leverage, ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt ratio = Total assets – Total equity</td>
</tr>
<tr>
<td>Debt-equity ratio = Total debt/Total equity</td>
</tr>
<tr>
<td>Equity multiplier = Total assets/Total equity</td>
</tr>
<tr>
<td>Times interest earned ratio = EBIT</td>
</tr>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>Cash coverage ratio = EBIT + Depreciation</td>
</tr>
<tr>
<td>Interest</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III. Asset utilization, or turnover, ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory turnover = Cost of goods sold</td>
</tr>
<tr>
<td>Inventory</td>
</tr>
<tr>
<td>Day’s sales in inventory = 365 days</td>
</tr>
<tr>
<td>Inventory turnover</td>
</tr>
<tr>
<td>Receivables turnover = Sales</td>
</tr>
<tr>
<td>Accounts receivable</td>
</tr>
<tr>
<td>Day’s sales in receivable = 365 days</td>
</tr>
<tr>
<td>Receivable turnover</td>
</tr>
<tr>
<td>Total asset turnover = Total assets</td>
</tr>
<tr>
<td>Sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IV Profitability ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit margin = Net income from sales</td>
</tr>
<tr>
<td>Return on assets (ROA) = Net income</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Return on equity (ROE) = Net income</td>
</tr>
<tr>
<td>Total equity</td>
</tr>
<tr>
<td>ROE = Net income x Sales x Assets</td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Assets</td>
</tr>
<tr>
<td>Equity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>V. Market value ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price-Earning ratio= Price per share</td>
</tr>
<tr>
<td>Earnings per share</td>
</tr>
<tr>
<td>Market-to-book ratio= Market value per share</td>
</tr>
<tr>
<td>Book value per share</td>
</tr>
</tbody>
</table>

Despite the limitations discussed above, accounting numbers may still be extremely accurate and convenient in measuring a firm's performance. Some researchers have argued about inaccuracy but accounting numbers should not be ignored. However, care and judgment must be used when applying accounting measures to characterize a firm's performance.

2.4 Brand Loyalty

In highly competitive markets with increasing unpredictability and decreasing product differentiation, brand loyalty is a central element of marketing strategies and tactics. Brand loyalty generates benefits like substantial entry barriers to competitors, better ability to respond to competitive threats, greater sales and revenues and the customer's lower sensitivity to marketing efforts of competitors (Keller, 2008). Brand loyalty represents a favorable attitude toward a brand, resulting in consistent purchase of the brand over time. It happens after consumers learn that one brand can satisfy their needs (Assael, 1998)

Customer loyalty has been a major focus of strategic marketing planning (Kotler, 2000) and offers an important basis for developing a sustainable competitive advantage. Brand loyalty studies have found price promotions as the antecedents of brand switching behavior (Aaker, 1991). It is agreed that price promotions increase sales in the short term. Some researchers have proposed and found empirically that if consumers have been satisfied with the promoted brand, their satisfaction is reinforcing and leads to an increase in the probability of choosing the brand again at the end of the promotion, especially for previous non-users of the brand.

The sources and determinants of brand loyalty have been studied over the years. A number of studies have focused on overall satisfaction as determinants of loyalty, either conceptualized as a repurchase intention or as an emotional or psychological bond (Bloemer and Kasper, 1995). Other more recent studies introduce brand trust as central determinants of brand loyalty (Chaudhuri and Holbrook, 2001). In other studies and social sciences, trust is a key variable in the development of long-term relationships.
Brand loyalty is a measure of the attachment that a customer has to a brand and it reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features (Aaker, 1991). Brand loyalty reflects the commitment of a customer to re-buy the company's products consistently in future. Customer retention can be achieved only through fostering premium loyalty by establishing an emotional as well as a normative attachment between the brand and the consumer (Gaunaris and Stathakopoulos, 2004). Such loyal buyers can contribute to the positive word-of-mouth communication for the brand.

2.4.1 Levels of Brand loyalty

Kotler (2000) stipulated that consumers have varying degrees of loyalty to specific brands, stores and other entities. He further divides consumers into four groups of loyalty status as: Hard-Core loyals: Consumers who buy one brand all the time; Split loyals: Consumers who are loyal to two or three brands; Shifting loyals: Consumers who shift from one brand to another; Switchers: Consumers who show no loyalty to any brand.

Brand loyalty has also been viewed as a continuum ranging from undivided brand loyalty to brand indifference (Assael, 1998). He gives five different categories along the continuum as: Undivided loyalty: This is an ideal one. It is a situation where consumers purchase only a single brand and forego purchase if it is not available; Brand loyalty/occasional switch: Customers occasionally switch for such reasons as their usual brand being out of stock, a new brand may come to the market and is tried, or a competitive brand is offered at a special low price; Brand loyalty/switch: Reflects a competitive goal especially in low growth Markets; Divided loyalty: Refers to consistent purchase of two or more brands; Brands indifference: Refers to purchases with no apparent repurchase pattern. It is the extreme opposite of undivided brand loyalty.
Aaker (1991) also proposed five categories of brand loyalty as: The non-loyal buyer (switcher); the habitual buyer; the satisfied buyer; one who like the brand; committed customers. The levels do not always appear in the pure form (Aaker, 1991). But the important point is that there are different levels of loyalty which impact differently on brand equity (Aaker, 1991).

### 2.4.2 Measuring Brand Loyalty

For markets to more clearly understand brand loyalty and its management, it is useful to consider approaches to its measurement (Aaker, 1991). He considers loyalty measurement into two; firstly actual behavior and the second is based upon the loyalty constructs of switching costs, liking and commitment; Behavioral measures- this considers actual purchase patterns in terms of repurchase rates, percentage of certain brands and number of brands purchased.

Switching costs has also played a considerable role in measuring brand loyalty. If switching costs of a customer like changing a customer ordering system is high the more likely he is to have a high degree of loyalty; Liking of the brand- evaluation of the customers liking of the firm or brand. Liking can be scaled in ways such as liking, respect, friendship and trust towards a firm or brand; Commitment- this is measured through the indication of the amount of interaction and communication that is involved with the product. Does the customer like to talk about the product to others by telling them why they should buy? It also involves evaluation of the extent the brand is important to person in terms of his activities or personality (Aaker, 1991).

### 2.4.3 The Strategic Value of Brand Loyalty

Price premiums and market share have been closely associated with the increasingly salient concept of brand equity (Aaker, 1996). These two outcomes which in turn drive brand profitability depend on various aspects of brand loyalty. Specifically brand loyal customers may be willing to pay more for a brand because they perceive some unique
value in the brand that no alternative can provide (Holbrook, 2001). This uniqueness may derive from greater trust in the reliability of a brand or from more favorable effect when customers use the brand. Similarly, brand loyalty leads to greater market share when the same brand is repeatedly purchased by loyal consumers, irrespective of situational constraints (Assael, 1998).

Why do companies want loyal customers? Brand loyalty of existing customers represents a strategic asset, which if properly managed and exploited has the potential to provide value in several ways (Aaker, 1991). These include: Reduced marketing costs- It is simply much less costly to retain customers than to get new ones. Potentially new customers usually lack motivation to change from current brands and are expensive to contact. Even when they are exposed to alternatives they will often need substantial reason to risk buying and using another brand (Aaker, 1991).

Trade leverage is another reason why companies need loyal customers. Strong loyalty towards brands ensures preferred shelf space because stores know that customers will have such brands in their shopping list. Trade leverage is particularly important when introducing new sizes, new varieties, variations or brand extensions (Aaker, 1991); Attracting new customers- A customer base full of satisfaction and others that like the brand provide assurance to prospective customers especially when the purchase is somewhat risky. This applies especially in product areas that are new or otherwise risky.

A satisfied customer base provide an image of the brand as accepted and successful (Aaker, 1991); Time to respond to competitive threats- Brand loyalty provides some breathing room. If a competitor develops a superior product a loyal following will allow the firm time needed for the product improvements to be matched or neutralized.
2.4.4 Developing and Enhancing Brand Loyalty

Keller (1998) describes ‘after marketing’ as a necessary new mindset that reminds marketers of the importance of building a lasting relationship with customers. He offers examples of specific activities to nurture loyalty and building relationships with customers; Establishing and maintaining a customer information file, ‘Blue printing’ customer feedback, Conducting customer satisfaction survey, Formulating and managing communications programs as customer retention activities, Hosting special customer events or programs, Identification and reclaiming lost customers.

Aaker (1991) supports enhancing loyalty as follows; Treat the customer right- the key to keeping customers is simply to avoid driving them away and treat them with respect, always respecting their wishes and being responsive to their needs; Stay close to the customer- make use of focus groups to see and hear real customer voice concerns. Encourage customer contact to make them feel valued. Encouraging customer feedback and acting on the customers suggestions makes customers feel valued, Measure/manage customer satisfaction- he advises marketers to conduct regular surveys of customer satisfaction (dissatisfaction) to understand how customers feel towards their products.

Understanding how customers feel about your products helps the company in product development and modifications that will suit customer’s needs, Create switching cost­creation of switching costs can be done by creating a solution for a customer problem that may involve redefining the business. When the switching costs including financial, psychological, time effort and social costs associated with switching are high, the customer would rather stick to one provider, Provide extras- provision of a few extra unexpected services changes customer attitude from tolerance to enthusiastic. Providing extras like gift wrapping, home/office delivery and after sales service will help build loyalty to a brand or store.
To convert the customer into a client requires that a pattern of repeat buying is established. This is done by making it possible for the customer to do business with the company. But being a client does not necessarily signal commitment. Since many clients may express high levels of dissatisfaction with the product or service and then switch. A customer oriented approach becomes necessary to turn the clients into supporters- they are pleased with the product or service. If they are really impressed with the quality of the relationship, they may well become advocates - they tell others about their satisfaction with the offer. The power of word of mouth is high and can do even more than advertising. The ultimate expectation should be to make the advocate a partner, a situation where a mutually rewarding relationship has been achieved and neither party intends to leave the other.

Customer loyalty is seen as a two way street (Webster, 1994). He argues that customers remain loyal to the company that serves their needs and preferences with a total set of related products and services, while on the other hand companies demonstrate and maintain their loyalty to the customers by becoming knowledgeable about them with enhanced product offerings. To achieve loyalty, a brand must go beyond achieving visibility and differentiation (Kotler, 2000). The brand should develop deep relations with the customer group where the brand becomes a meaningful part of the customer’s life. When this occurs, the customer will be highly loyal (Kotler, 2000)

2.4.5 Factors Determining Brand Loyalty

Keller, et al (2008) list various factors that influence brand loyalty as: Industrial markets - here organizations will regard the heavy users as ‘major accounts’, to be handled by senior sales personnel and even managers whereas the light users may be handled by the general sales force or by a dealer; Portfolios of brand - consumers buy ‘portfolios of brands’. They switch regularly between brands, often because they simply want a change. Thus, ‘brand penetration’ or ‘brand share’ reflects only a statistical chance that a majority of customers will buy that brand next time as part of a portfolio of brands they favor. It does not guarantee that they will stay loyal.
Another factor to consider in determining brand loyalty is Market inertia. One of the most prominent features of many markets is their overall stability or inertia. In their essential characteristics they change very slowly, often over decades, sometimes centuries rather than over months. This stability has two very important implications. The first is that if you are a clear brand leader you are especially well placed in relation to your competitors, and should want to further the inertia which relies behind that stable position. This will, however still demand a continuing pattern of minor changes, to keep up with the marginal changes in consumer taste. The second is that if you want to overturn this stability, and change the market, then you must expect massive investments to succeed.

To reap the benefits of brand loyalty companies must not only manage loyalty but they must enhance it (Aaker, 1991). Sufficient knowledge on the determinants of brand loyalty is therefore necessary for these companies. Some of the determinants of brand loyalty include; Availability of the brand- many customers would want to shop in one place for all items. This is due to the constraint of time. Repeat purchasing will enhance commitment and eventually loyalty (Assael, 1998).

The brand should create a one stop value shopping place for the customer and also results to convenience and reliability; The image of the brand versus customer self image- if one's image of the brand conforms to his self image then the customer’s loyalty to the brand will be high (Aaker, 1991); Level of satisfaction and/or dissatisfaction-this involves many issues such as the problems faced by customers, their sources and how they are addressed (Aaker, 1991). Performance of services conformity to expected performance and the efficiency of service delivery system are key considerations for repeat purchases; Customer service- this consists of several services designed to aid in the sale of a product. They may include credit, delivery, gift wrapping, merchandise returns, longer store hours, parking and personal service.
Customer service ranges from the customers contact with company staff to his/ her interaction with the service delivery system; the service atmosphere which could be a combination of architecture, layout, color, sound, temperature monitoring, special events, prices, displays and other related factors that attract stimulate customers; Location- the actual place where the store is located determines whether it is available to the customers or not. The location has an effect on the store’s image (Kotler, 2000); Available technology like catalogues or electronic media that allows the customers to shop while at home or at some other non-store location.

2.5 Loyalty Programmes

Loyalty programmes or frequency schemes have become one popular means by which marketers can create stronger ties to customers. The purpose of frequency marketing has been defined as ‘identifying, maintaining and increasing the yields from a firm’s best customers through long term, interactive, value added relationships.’ (Barney, 2007).

Firms in all different kinds of industries have established loyalty schemes through mixtures of specialized services, newsletters, premiums and incentives. Often these loyalty schemes involve extensive co-branding arrangements or brand alliances (Aaker, 1996)

In 1981, American Airline founded the first airline loyalty scheme, called AAdvantage. This frequent flyer scheme rewarded the airlines top customers with free trips and upgrades based on mileage flown. By recognizing customers for their patronage and giving them incentives to bring their business to America Airlines, the airline hoped to increase loyalty among its passengers. The scheme was an instant success and other airlines quickly followed suit. In 1991, American Express started its membership reward scheme, which gives card holders points based on the amount they spend. The points can be redeemed for items such as airline tickets, jewelry and electronics.
Safeway, the third largest grocer in the USA, started the Safeway savings club in 1991. Members earned discounts on certain items in the stores. Within a year, the safeway saving club had 1.2 million members. Starwood hotels also launched an aggressive frequent guest scheme backed by a 34.2 million euro campaign in 1999. These examples shows the enthusiasm in adopting brand loyalty programmes over the last few decades.

Loyalty schemes have been adopted by such industries because they often yield results (Heskett, et al, 1997). As one marketing executive said, 'loyalty programs reduce defection rates and increase retention. You can win more of a customer’s purchasing share.' The value created by loyalty schemes creates switching costs for consumers, reducing price competition between brands.

3.2 Research Design

A cross-sectional research survey was used in this research because the same variables were measured/determined across all the 5 star hotels in Nairobi. A similar approach has been used in a research that focused on performance of five star hotels in Kenya (Kariuki, 2006). These variables were descriptive and quantitative in nature thereby implying that descriptive statistics were used for analysis.

The research was basically conducted through a cross sectional survey involving selected hotel population in Nairobi. It involved collecting, sorting, processing and interpreting data from five star hotels within Nairobi. The choice of Nairobi as a study area was considered because of convenience in terms of accessibility, time schedule and financial resources available to the researcher. Most of the observations or gathering of data was made in the period of June and July using both primary and secondary sources.

3.3 Target Population

The target population was all the five star hotels in Nairobi. These hotels included Fairmont Norfolk, Nairobi Serena, The Stanley, InterContinental, Milimani, Lalo Regency, Nairobi Safari Club, Winfield, Safari Park, Parkview, Serkata, Tribal, Crown plaza. These hotels have a combined capacity of more than 2,000 rooms and they receive almost an
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the methodology that was adopted in order to meet the objectives of this study as stated in chapter one. Included in this chapter is the research design, target population, sample design (size), data collection methods and the procedure for data analysis.

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equal number of guests on a daily basis. It is important to note that the number of beds is actually much more than the number of rooms because of the various room categories (single, double, triple). Some of these guests were registered in their loyalty programs and also provided valuable feedback through the internal questionnaire of the hotels. Otherwise most of the secondary data pertaining to the loyalty programs and performance of the hotels were provided by the hotel management team.

Other than the five star hotels in Nairobi, the findings and conclusions were used to make inference to all the five star hotels in Kenya especially those within a chain. The hotels anchored in a chain have similar brand loyalty programs (schemes). The specific hotel under study therefore represents the whole chain and act as a sample. The information that was readily available about members of the various brand loyalty programs was representative of that of the total population registered under the loyalty programs. This information was demographic in nature and therefore determined how the loyalty programs operate along the various demographic segments.

3.5 Data collection

Primary and Secondary data was majorly collected in the course of this study. These were collected through self administered questionnaire comprising both open and closed ended questions. The questionnaire sought answers regarding the specific loyalty programs, number of people registered in the program including their demographic profile, frequency of visits or number of repeat visits, member’s comments regarding the program, performance parameters of these hotels like percentage occupancy, revenue per available room, number of food covers and cost per cover and general profitability. Most of this information exists as secondary data and was easily available from the hotel management.
A similar questionnaire was sent to all the chosen hotels and further clarifications were sought using telephone interviews. Management contacts in these hotels were used to avail the information or administer the questionnaires. The designation of management contacts used to collect data from the various hotels ranged from front office managers in the case of Crowne plaza, Norfolk, Hilton, Serena, Tribe, Windsor and Nairobi Safari Club; human resources managers in Laico and Safari park; training manager at Intercontinental and marketing manager at The Stanley.

3.6 Data Analysis

Data consisted mainly of information from the closed ended questions in the questionnaire. Information from the open ended questions was analyzed through narrative analysis and listing. Presentation of findings was in tables of frequencies and percentages with a narrative after each table for ease of interpretation.

Data collected was prepared and analyzed using descriptive statistics. These included tables and percentages to represent the response rate and information on variables that the study considered. Frequency table was used to summarize the existence of brand loyalty programmes and the incentives under these programmes. Percentages were used to show and compare the occupancy or level of business of the various hotels.

The quality of the actual data collected was checked against the initial data requirements as indicated in the questionnaire. Qualitatively, some of the data was not exhaustive as the respondents opted to leave out certain information deemed sensitive. Other qualitative aspects of data like response rate were analyzed and presented.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter gives the analysis of the collected data, their interpretation and presentation in form of tables and charts for easy understanding. It touches only on the actual responses given on the questionnaires that were returned.

4.2 Background Information

This section will look at the percentage of the five star hotels that responded to the questionnaires, the no. of hotels belonging to hotel chains, number of hotels within the hotel chains and the number of rooms that each hotel has.

4.2.1 Response Rate of the hotels

Figure 4.1 give the response rate of the sampled population under study. It illustrates the extent to which the respondents were reached in order to gather or collect the required data and information.
The results in figure 4.1 indicate that out of 13 respondents, 11 of them responded to the questionnaires (85%) while only 2 of the questionnaires were missing (15%). The response rate is therefore 85% that is above 75% recommended one.

### 4.2.2 Number of Hotels belonging to a chain

Figure 4.2 indicate the demographic information of the hotels on whether they belong to any hotel chains.
The results in figure 4.2 indicate that the respondents have their hotels belonging to an hotel chain as given by the majority (7) ‘yes’ response while so few (4) do not fall in any hotel chain.

4.2.3 Number of Hotels within the chain

The results in figure 4.3 indicate the number of hotels within the chain where it illustrates the sizes of the hotel chains where hotels under study belong. The results under figure 4.3 indicate that the hotel chain that respondent hotels belong to have the majority between 11-20 members and over 50 members as given by higher frequency response of 3 each then followed by those that belong to the group between 5-10 each with frequency response of 2.

![Figure 4.3 Number of Hotels within the Chain](image-url)
4.2.4 Number of Rooms

From the data collected, the number of rooms in Nairobi’s five star hotels ranged from a minimum of 130 to a maximum of 376. A descriptive statistics analysis gave a standard deviation of 73.218 indicating that there is wide gap variation from the mean response where the average variation below mean number of rooms and the average variation above mean number of rooms is 73.218. The average number of rooms in Nairobi’s five star hotels is 200.

4.3 Brand loyalty programs in five star hotels

This section will look at the brand names of the various hotels and the corresponding name of the loyalty program, analyze the percentage of five star hotels having brand loyalty programs, look at the requirements of enrolment fee or entry requirements in general and the various program incentives offered by the five star hotels.

4.3.1 Brand Names

Table 4.1 indicates the brand name of hotels that are used by the five star groups of hotels as one of the loyalty programs. The results in table 4.1 indicate that various hotels have different brand names used in their brand loyalty programs with two of the hotels sharing the same program. Frequency response of 1 in all of them indicates that there is no repetition in the brand name used by each one of the hotels under study.
### Table 4.1 Names of brand Loyalty Programs in five star Hotels

<table>
<thead>
<tr>
<th>Hotel Name</th>
<th>Frequency</th>
<th>Program Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crown plaza hotel</td>
<td>1</td>
<td>Priority Club</td>
</tr>
<tr>
<td>Fairmont the Norfolk</td>
<td>1</td>
<td>President’s Club</td>
</tr>
<tr>
<td>Hilton</td>
<td>1</td>
<td>HHonours</td>
</tr>
<tr>
<td>Intercontinental</td>
<td>1</td>
<td>Priority Club</td>
</tr>
<tr>
<td>Laico regency hotel</td>
<td>1</td>
<td>Prestige Club</td>
</tr>
<tr>
<td>Nairobi serena hotel</td>
<td>1</td>
<td>Sarova Zawadi</td>
</tr>
<tr>
<td>Safari Park (Paradise)</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>The Stanley</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Tribe hotel</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Windsor Golf &amp; Country club</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Nairobi Safari Club</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.3.2 Existence of Brand Loyalty programs

Analysis was done on the number of hotels with brand loyalty programs based on their frequency of responses. The results indicated in table 4.2 shows that majority (63.6%) of the five star hotels under study have brand loyalty programs in their operations. The study however indicates that there are some (36.4%) of the five star hotels with no brand loyalty programs.
### Table 4.2 Existence of Brand Loyalty programs

<table>
<thead>
<tr>
<th>Nature of Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>7</td>
<td>63.6%</td>
</tr>
<tr>
<td>no</td>
<td>4</td>
<td>36.4%</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 4.3.3 Enrolment Fee

Table 4.3 indicates whether there is enrolment fee charged by the hotels as entries in their loyalty programs.

<table>
<thead>
<tr>
<th>Type of Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>5</td>
<td>45.5%</td>
</tr>
<tr>
<td>Non-committal</td>
<td>6</td>
<td>54.5%</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The results in table 4.3 indicate that there is no enrolment fee charged by the hotels as entry to their loyalty programs as indicated by the 'no' (45.5%) response for all the respondents to that question while majority of the respondents skip the question (54.5% non-committal).
4.3.4 Entry requirement since there is no enrolment fee

The results in table 4.4 indicate the entry requirement that is applicable to the loyalty programs since there is no enrolment fee attached to it.

**Table 4.4** Entry requirement since there is no enrolment fee

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>request</td>
<td>9</td>
<td>81.8</td>
</tr>
<tr>
<td>staying with the hotel</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The results under table 4.4 indicate that the entry requirement that is mostly (81.8%) used by the hotels is only for a customer to make a request and it will be done while one of the hotel (Hilton) guarantees everyone staying with them automatic entry.

4.3.5 Program Incentives

Table 4.5 indicates the program incentives that are adopted by the hotels as part of their loyalty programs in order of their frequency of response.
Table 4.5 Program incentives

<table>
<thead>
<tr>
<th>Programme incentives</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount on meals</td>
<td>4</td>
<td>36.4</td>
</tr>
<tr>
<td>complimentary meals</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>gift baskets or vouchers</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>complimentary pickups of drop off</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>complimentary activities</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>complimentary health club activities</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>complimentary nights in sister hotels</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>complimentary visit to nearby attractions</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Complimentary holidays</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Complimentary air tickets</td>
<td>1</td>
<td>9.9</td>
</tr>
<tr>
<td>extra amenities in rooms</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>express check in</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>complimentary nights</td>
<td>3</td>
<td>27.3</td>
</tr>
<tr>
<td>discount on room rates</td>
<td>4</td>
<td>36.4</td>
</tr>
</tbody>
</table>

The results under table 4.5 indicate that the five star hotels under study uses discount on meals, discount on room rates both at 36.4% each as the main loyalty program incentive then followed by complimentary nights (27.3%) and then complimentary meals, extra amenities in rooms, express check ins all at 18.2% each while the least incentive used by hotels are gift baskets or vouchers, complimentary pickups of drop off, complimentary activities, complimentary health club activities, complimentary nights in sister hotels, complimentary visit to nearby attractions, complimentary holidays and then finally complimentary air tickets all at 9.1% each.
4.4 Achievement of Competitive advantage through Brand Loyalty programs.

This section will look at the programme incentives between the groups and the correlation with percentage occupancy, the mean percentage occupancy for the stipulated periods, the comparison of the occupancy of respondent hotels with brand loyalty programmes and those without the programmes.

4.4.1 Effect of program incentives on percentage occupancy

Table 4.6 indicates the correlations between program incentives given by the hotels and the percentage occupancy of the hotels. It illustrates the program incentive that promotes high percentage occupancy in the hotels.

Table 4.6 Effect of program incentives on percentage occupancy

<table>
<thead>
<tr>
<th>Correlation</th>
<th>R Square</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount on meals * (Between Groups)</td>
<td>.185</td>
<td>.827</td>
</tr>
<tr>
<td>percentage occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on rooms * (Between Groups)</td>
<td>.174</td>
<td>.808</td>
</tr>
<tr>
<td>percentage occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complimentary nights* (Between Groups)</td>
<td>.168</td>
<td>.702</td>
</tr>
<tr>
<td>percentage occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complimentary meals * (Between Groups)</td>
<td>.098</td>
<td>.641</td>
</tr>
<tr>
<td>percentage occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Express check in * (Between Groups)</td>
<td>.067</td>
<td>.624</td>
</tr>
<tr>
<td>percentage occupancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra amenities in rooms *(Between Groups) percentage occupancy</td>
<td>.064</td>
<td>.424</td>
</tr>
<tr>
<td>Complimentary pickups or (Between Groups) drop offs * percentage occupancy</td>
<td>.060</td>
<td>.421</td>
</tr>
<tr>
<td>Complimentary health club (Between Groups) activities * percentage occupancy</td>
<td>.056</td>
<td>.419</td>
</tr>
<tr>
<td>Complimentary nights in (Between Groups) sister hotels * percentage occupancy</td>
<td>.051</td>
<td>.428</td>
</tr>
<tr>
<td>Complimentary visit to (Between Groups) nearby attractions * percentage occupancy</td>
<td>.047</td>
<td>.422</td>
</tr>
<tr>
<td>Complimentary holidays *(Between Groups) percentage occupancy</td>
<td>.004</td>
<td>.418</td>
</tr>
<tr>
<td>Complimentary air tickets (Between Groups) * percentage occupancy</td>
<td>.003</td>
<td>.420</td>
</tr>
</tbody>
</table>

The p values (sig.) are all positive and above 0.05 meaning that program incentives across the five star hotels affect percentage occupancy positively and the effect is significant (p > 0.05). The incentive with the highest p value is the one which is more relevant in influencing percentage occupancy meaning that discount on meals and discount on rooms are more influential on percentage occupancy as compared to the rest of the incentives while complimentary air tickets is the least influential one.
The $R^2$ is a measure of how much the variability in the outcome is accounted for by the predictors so in table 4.5, discount on meals account for 18.5% of the percentage occupancy then followed by discount on rooms by 17.4% and complimentary nights by 16.8% and then finally least variability in complimentary meals (9.8%), express check in (6.7%), extra amenities in rooms (6.4%), complimentary pickups or drop (6%), complimentary health club activities (5.6%), complimentary nights in sister hotels (5.1%), complimentary visit to nearby attractions (4.7%), complimentary holidays (0.4%) and complimentary air tickets (0.3%).

4.4.2 Mean Percentage Occupancy from Jan to June 2012.

Figure 4.4 indicate the monthly mean percentage occupancy of all the five star hotels that responded to the study. It illustrates the mean percentage occupancy from January to June of 2012.

The results of the study in figure 4.4 indicate that the highest (65.54%) percentage occupancy was in March then followed by that in April (61.59%) up to June while the least was in January (45.72%).
4.4.3 Mean Guest Occupancy 2011

Figure 4.5 indicate the men guest occupancy 2011. This response would be useful in comparing profitability in relation to the incentives under the brand loyalty programs.

Figure 4.5 Mean percentage occupancy in 2011

Figure 4.5 indicate that the mean percentage occupancy 2011 was 67.21% of the hotel capacity. This figure is inclusive of all the 11 hotels that participated in the study.

4.4.4 Comparison of percentage occupancy for the respondents with the brand loyalty programs and those without the programs

Table 4.7 indicate the effect of brand loyalty programs on percentage occupancy of the selected five star hotels in 2011.
Table 4.7 Comparison of percentage occupancy for the respondents with brand loyalty programmes and those without the programmes.

<table>
<thead>
<tr>
<th>Existence of brand loyalty programme</th>
<th>N</th>
<th>Mean 2011 occupancy</th>
<th>Std. Deviation</th>
<th>Std. Error</th>
<th>95% Confidence Interval for Mean</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>5</td>
<td>76.20</td>
<td>9.257</td>
<td>4.140</td>
<td>64.71</td>
<td>87.69</td>
<td></td>
</tr>
<tr>
<td>no</td>
<td>3</td>
<td>74.63</td>
<td>9.001</td>
<td>5.197</td>
<td>52.27</td>
<td>96.99</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>75.61</td>
<td>8.531</td>
<td>3.016</td>
<td>68.48</td>
<td>82.74</td>
<td></td>
</tr>
</tbody>
</table>

The results in table 4.8 indicate that there is significant relationship between the existence of brand loyalty programs and the percentage occupancy as given by the p value greater than 0.05 since we are testing at 5% significant level (p(Sig.) > 0.05) and this result is exclusive to the hotels that did not respond to this particular question. The mean percentage occupancy of the hotels with ('yes' response) brand loyalty programs is 76.2% while that of the hotels without ('no' response) the brand loyalty programs is 74.63%.

4.4.6 Guest Comments Regarding the Program

Figure 4.6 indicate the guest comments regarding programs offered by the hotels under review. It gives the level of satisfaction with the programs over the last 6 months of the study period.
Figure 4.6 Guest responses regarding the Program

The results of the study indicate that majority of the guest who have visited the hotels in the last 6 months are extremely satisfied (157.5) with the programs in the hotels then followed by those who are satisfied (68) then those who want improvement while the dissatisfied group were the least in response (4).

From the data analysis, it was also established that most of the hotels having a brand loyalty programme belonged to a hotel chain and therefore it is easier to have a brand loyalty programme within a chain. It is therefore possible to conclude that the programme benefits not only accrue to five star hotels within a chain or within Nairobi but also in other lower ranked hotels outside Nairobi but are members of the chain. It was also noted that brand loyalty programmes attracted most hotel guests because there is no entry costs and yet certain benefits accruing to members. Entry into the programme is simply upon request and in one instance you automatically become a member as long as you have stayed in the particular hotel.

The programme incentives were also analyzed and ranked starting with the most commonly offered incentives. The study revealed that discount on meals, discount on room rates and complimentary room nights were the most common brand loyalty programme incentives. These incentives were also found to be very attractive to the guests based on their positive comments.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the summary, discussions and conclusions. It also provides the limitations, recommendation for policy and practice as well as recommendations for further research.

5.1 Summary, Discussions and Conclusions

Here the results of the study are summarized, discussed and conclusions are made according to the research findings. The results indicated that most five star hotels have put in place brand loyalty programmes and are benefitting from these loyalty programmes as summarized and discussed below.

From the data analysis, it was also established that most of the hotels having a brand loyalty programme belonged to a hotel chain and therefore it is easier to have a brand loyalty programme within a chain. It is therefore possible to conclude that the programme benefits not only accrued to five star hotels within a chain or within Nairobi but also to other lower ranked hotels outside Nairobi but are members of the chain. It was also noted that brand loyalty programmes attracted most hotel guests because there is no entry costs and yet certain benefits accrue to members. Entry into the programme is simply upon request and in one instance you automatically become a member as long as you have stayed in the particular hotel.

The programme incentives were also analyzed and ranked starting with the most commonly offered incentives. The study revealed that discount on meals, discount on room rates and complimentary room nights were the most common brand loyalty programme incentives. These incentives were also found to be very attractive to the guests based on their positive comments.
The research took into account the overall hotel business situation during the time of the study as aptly reflected in the occupancy figures. The average occupancy for the hotels in 2011 was 67.2% while the occupancy within the first half of 2012 was standing at 56.7%. The high season for the hotel industry usually falls between July and October with a likelihood of picking up during December festivities depending on the location of the hotel. It is therefore possible that the overall occupancy for 2011 could compare with 2012 if not better. It also means that any conclusions drawn from 2011 occupancy data could reflect an onward trend.

An interesting part of the study was the analysis of the occupancy of the respondent hotels and comparing the occupancy figure of the respondents with and without brand loyalty reward program. The study revealed that the 2011 occupancy for respondents with brand loyalty programme was 76.2% while those without was 74.63%. This difference was considered significant during statistical analysis showing that the existence of the programme may have contributed to the higher occupancy hence a distinct competitive advantage.

The guest satisfaction index based on the overall guest response regarding the loyalty programmes revealed that majority of the guests were extremely satisfied. This high satisfaction index is likely to translate into more business because satisfied guests are likely to market the brand through positive word of mouth. The brand loyalty programmes, in this respect were found to have the ability of offering a competitive edge to the five star hotels under study.

5.2 Limitations of the study

There are a number of limitations that may have affected the results of this study. Even though the population of five star hotels in Nairobi is relatively few and the response rate was high, most hotels were not willing to give detailed information especially on their performance. These hotels feared to divulge some sensitive performance related information lest it leaks to their competitors. Data on actual number of guests, average
room rate and number of food covers was limited and this made it difficult to gauge the actual performance or profitability of the individual hotels. Conclusions on profitability and competitiveness would therefore have been more accurate if the data was available.

Another limitation had to do with access to data especially where the manager concerned was away on leave or had a tight work schedule. It took a bit too long to get some of the data that was available but needed higher level authorization to be accessed. In most instances, the concerned managers were so engrossed in day to day operations and did not pay much attention to the formalities that go with the questionnaire like acknowledging the introduction letter through a formal response.

5.3 Recommendations

From the findings and conclusions of the study, it can be seen that loyalty programmes can enhance the profitability of five star hotels in Nairobi and therefore it is recommended that these hotels start thinking seriously about starting a brand loyalty programme. These programmes can be started in a fairly small way with cheaper incentives and are capable of growing over time. The hotels should also collaborate and share some of the programme incentives across the chain, for example, one hotel can offer a complimentary meal or room night as an incentive to members of a collaborating hotel.

The loyalty programmes should also devise ways of interacting with the customer more often through questionnaires and generally seeking their opinion on how to enhance the programme. A number of hotels have a dedicated desk for registering members into their respective programmes free of charge and this should be encouraged. Staff members who interact with the guests directly should also be encouraged to inform them about the benefits of joining the loyalty programmes. Engaging the loyalty programme members will make them feel part of it and will most likely lead to repeat business.
Accurate data on the programme members including the number of repeat business should also be kept by the hotels. This data is important in showing the level of growth of these programmes over a given period of time. This data should be analysed and the appropriate level of reward given to the members depending on the number of repeat business. This will in turn enhance customer loyalty and hence profitability.

5.4 Suggestions for further research

The study established that brand loyalty programme is a key factor influencing competitiveness of five star hotels. Further research can be conducted on the best practice when it comes to managing these loyalty programmes especially where members are many and are spread globally. Big hotel chains have established a good online network and registration process and this helps in managing the rewards for members. A research on the effectiveness of online feedback of members on managing these programmes can also be conducted.

Another area of research is on the effect of collaboration across the hotel chains on the effectives of brand loyalty programmes. This collaboration is likely to be enhanced through social media where members can interact freely. The effect of social media on collaboration of the various brand loyalty programmes across hotel chains can also form an interesting part of study.

5.5 Implications on Policy, Theory and Practice

The findings of this research could be useful to policy and decision makers in the tourism and hotel sector. Hotel chains and partnerships should be encouraged by policy makers. As the study found out, one of the ways of realizing strong partnerships is through collaboration in brand loyalty programmes. When hotels in Kenya seek to implement some sort of ‘barter trade’ arrangement through loyalty programmes, then mistrust and cut throat completion will be eliminated giving way to strong and lasting partnerships.
The study also has far reaching implications on the theory and practice of hotel management. Hotel managers will have to truly understand that partnerships and win-win relationships are important for the success of the hotel industry as a whole. While the various hotel brands may not want to reveal their distinctive competencies to competitors, it is clear from the study that the customers value certain incentives and would prefer to be treated a special way. Hotels should therefore be more customer-focused and take advantage of the partnership opportunities offered by brand loyalty programmes. It is this partnership that can enhance the marketing of Kenya as a collective tourist destination and make the country benefit from the distinct and unique competitive advantage that each hotel has to offer.

The data and findings available from this research will also contribute to the body of knowledge as far as the theory of hotel management is concerned. Through the research, a new dimension of competitiveness in the hotel industry has been given and the effect of rewarding customer loyalty should now be appreciated. Hotel brands will therefore be more enthusiastic to add value to their loyal customers and ultimately lock them in with the brand.

The findings of this study will also be useful to other industries especially in service industries where customer care takes centre stage. Customers value recognition and are likely to bring repeat business when they get recognized. This repeat business is important for growth and survival of organizations.
REFERENCES


TO WHOM IT MAY CONCERN

The bearer of this letter, Wycliffe Baraza, has been registered as Registration No. D61834106 and is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University. He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE
Appendix II: QUESTIONNAIRE

(Please help answer the following questions)

1. What is the exact brand name of your hotel?

2. Does your hotel belong to a hotel chain? Please tick appropriately.
   - Yes ( )
   - No ( )

3. If yes, please give the name of the hotel chain

4. Kindly indicate the no. of hotels within the chain
   - <5 ( )
   - 5-10 ( )
   - 11-20 ( )
   - 21-50 ( )
   - >50 ( )

5. How many rooms does the hotel have?

6. Please give the available room categories and the number.
   - a) Standard
   - b) Deluxe
   - c) Executive
   - d) Junior suite
   - e) Suite
   - f) Presidential suite
   - g) Other

7. No of beds in the hotel

8. Percentage occupancy in 2011
9. Continental profile of the guests in 2011 as a percentage

a) Africans
b) Europeans
c) Americans (North)
d) Asians
e) Australia
f) South Americas (Latinos)

10. Actual no of guests in 2011

11. Occupancy in 2012 to date

<table>
<thead>
<tr>
<th>Month</th>
<th>No. of Guests</th>
<th>Percentage occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Does your Hotel have a brand loyalty program (scheme)?

Agree ( ) Disagree ( ) Not sure ( )

13. If yes, please give the name of the program

14. How many guests are registered in the program?

15. Please give the continental profile in terms of numbers of registered guests as follows:

a) Africans
b) Europeans
c) Americans (North)
d) Asians
e) Australia
f) South Americas (Latinos)
16. Kindly give the actual no. of guests registered in the program who visited in the last 6 months

a) Jan .................................................................
b) Feb .................................................................
c) March .............................................................
d) April ...............................................................
e) May .................................................................
f) June .................................................................

17. How many of the above visits were repeat visits by registered members?

a) Jan .................................................................
b) Feb .................................................................
c) March .............................................................
d) April ...............................................................
e) May .................................................................
f) June .................................................................

18. Is there any enrolment fee for the program?

Agree ( )    Disagree ( )    Not sure ( )

19. If no, kindly list ONE MAIN entry requirement.

________________________________________________________________________
________________________________________________________________________

20. Kindly tick if the program gives any of the following incentives/benefits to the guests

<table>
<thead>
<tr>
<th>Month</th>
<th>Average Room Rate</th>
<th>No of Free Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Feb</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>March</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>April</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>May</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>June</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Discount on meals [ ]</td>
</tr>
<tr>
<td>b) Complimentary meals [ ]</td>
</tr>
<tr>
<td>c) Discount on room rates [ ]</td>
</tr>
<tr>
<td>d) Complimentary night(s) [ ]</td>
</tr>
<tr>
<td>e) Extra amenities in room [ ]</td>
</tr>
<tr>
<td>f) Complimentary activities [ ]</td>
</tr>
<tr>
<td>g) Express check in [ ]</td>
</tr>
<tr>
<td>h) Gift baskets or vouchers [ ]</td>
</tr>
</tbody>
</table>
i) Complimentary pick up or drop off
j) Complimentary health club activities
k) Complimentary nights in sister hotels
l) Complimentary holidays
m) Complimentary air tickets
n) Complimentary visits to nearby attractions

21. Kindly give any other incentives in the program.

------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------
------------------------------------------------------------------------------------------------------------------

22. Please summarize guest comments regarding the program over the last 6 months as follows:

<table>
<thead>
<tr>
<th>Comments</th>
<th>No. of guests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely satisfied</td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td></td>
</tr>
<tr>
<td>Would like improvements</td>
<td></td>
</tr>
<tr>
<td>Dissatisfied</td>
<td></td>
</tr>
<tr>
<td>Non committal</td>
<td></td>
</tr>
</tbody>
</table>

23. If you do not mind, kindly share the performance information of your hotel over the last 6 months as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>% Room Occupancy</th>
<th>Average Room Rate(ARR)</th>
<th>No. of food covers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you
Appendix III: FIVE STAR HOTELS IN NAIROBI

1. CROWN PLAZA
2. HILTON
3. LAICO REGENCY
4. INTERCONTINENTAL
5. NAIROBI SAFARI CLUB
6. NORFOLK, FAIRMONT.
7. OLE SERENI
8. PANARI SKY CENTRE
9. SAFARI PARK
10. SANKARA
11. SAROVA STANLEY
12. SERENA NAIROBI
13. TRIBE
14. WINDSOR

SOURCE : HOTELS AND RESTAURANT AUTHORITY (HRA), APRIL 2012.