

**THE INFLUENCE OF LOYALTY PROGRAMS ON BRAND
PERFORMANCE OF FIVE STAR HOTELS IN NAIROBI, KENYA**

BY

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DECLARATION

This research project is my original work and has not been presented to any University or College for academic purposes.

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This research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

I dedicate this work to my parents Mr. & Mrs. Mulwa and son, David Darren for their love, support and patience during the period of research study.

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ABBREVIATIONS AND ACRONYMS

KAHC	-	Kenya Association of Hotel Keepers and Caterers
TRA	-	Tourism Regulatory Authority
KTB	-	Kenya Tourist Board
RBV	-	Resource Based View

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ABSTRACT

This paper examines the influence of loyalty programs on brand performance among five star hotels in Nairobi. The results indicate that loyalty programs are not popular among lower various sectors in the hotel industry in Kenya especially to non-chain property hotels. With competition as a result of growing middle income group where by many hotels are opening or expanding into the region. This includes chains of hotels as well as local hotel properties that are targeting either the same business or leisure customers internationally and locally. The challenge created by this growth has led more to the issue of retaining customers rather than acquiring them which is the purpose of loyalty programs. The study used primary data and a sample of ten five star hotels; data was collected through questionnaires. The study established that hotels have chains with less than 500 rooms and ten Food and Beverage outlets with enrollment charges and give loyalties in discounts, points and target offers. The study established that of the three variables used to measure the loyalty programs points and rewards was the most rated with 0.569 while prestige and exclusivity was the least rated at 0.298. Four variables were used to measure the brand performance with brand awareness at 0.357 which was the lowest and brand association being the highest at 0.983. Overall prestige and exclusivity was the least favored by customers and is not a major concern for customer loyalty programs. A brand association was the highly rated of the seven variables which measures associations triggered by the brand. The members guest reaction on the loyalty programs where extremely satisfied, or satisfied, others indicated that thme program need improvements and other didn't indicate there reaction on the programs. The study concludes that brand level depends on the age of the customer, customer value and preference and customer loyalty which are premium, regular programs. Brand performance metrics-brand loyalty established that brand loyalty helps in reducing marketing costs and brand awareness, depending on strength brings about familiarity and likeness of the brand by customers. The study recommends that hotels should not rely on Loyalty Managers and Marketing managers in loyalty programs. The study recommends that all members of the staff should be included in programs to improve its effectiveness in the brand performance. Also the customers who create business for the hotels are in a better position to market the brand and therefore reducing marketing costs, whereby this is showed by their satisfaction with services offered. The hotel brands should be unique in their product offering and could be well kept by having chains which in turn provides a broad selection and motivate their customers by touching on those areas to improve on growth and customer loyalty.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Firms in the current dynamic market have resulted to market competition hence firms are formulating on product strategies and therefore there is increased competition as consumer tastes and behaviors' are changing, channels of communication have changed to online, mobile, social and digital platforms therefore creating challenges to traditional ways of cultivating brand loyalty and therefore increasing price competition (Charania, 2011). Evolving macroeconomic conditions today are making it significantly harder for businesses to retain their customers. Competitive advantage grows fundamentally out firm's value and its ability to create the intended value that is higher than the production cost, (Porter, 1985). The value is the cost plus profit margin and the consumers are willing and able to spend on the product. The excellent value is experienced when products or services are sold at lower cost than that of competitors for the same. Hotels can stay competitive by offering low prices but if they can't match the low prices; they have to find other ways of competing other than price alone. The competitive market strategy involves means and ways in which a firm can obtain competitive edge to remain competitive in the market, (Thompson & Strickland, 2002).

In achieving competitive advantage firms have to look at the resources that they possess. The resource-based view of a firm is a reversed strategy formulation which involves looking at what resources a firm possesses (Wernerfelt, 1984). This allows access on the potential for value generation to a firm and therefore allowing capturing maximum value in a sustainable way. The dynamic market environment affects the firm's operational efficiency and effectiveness hence the resource based theory is

based on the competitive advantages is determined by the available resource within the firm (Wernerfelt, 1984).

On the other hand, (Helfat et al., 2007), gives his clear view using the dynamic capability theory of how a firm can maximize its available resources. The strategic framework explains the capability of an organization to use its core competencies to short term market position which focuses of the long term maintenance of market share. According to Teece et al. (1997), the key idea of the market share is SWOT analysis which explains the strength, weaknesses, opportunities and threat analysis hence affect the firm's intangible and tangible assets. The key competition in Hotel industry is marketing the services and provision in a different special way than the others.

This study will also adopt the relationship marketing theory whereby it will involve discussing the relational exchange theory which was introduced in 1958 by George Homan and commitment trust theory as illustrated by Bagozzi, (1975) as they an evolution of relationship marketing theory. The hotel market in Kenya has declined in the past few years, falling from 7.1% in 2014 and by a cumulative 16% since 2011 according to a survey done by PWC titled "The African Traveler", (2015). Issues such as global financing and terrorism attacks in the country such as Westgate Mall attack in 2013 and the recent attack on Garissa University in 2013 has had substantial impact in the country.

This created a major problem that led to a number of western countries, such as the United States, the United Kingdom, France and Australia, issued travel advisories to their citizens advising them not to travel to key tourist destinations in Kenya. Due to the advisories, tourism earnings, visitor numbers and hotel occupancy levels declined

quite considerably hence revenues riddled and an outcry of job lay over's as the hotels could not sustain operations. This challenge led the industry to expand their markets by targeting local tourism thus increasing their market share.

This has contributed to more industry growth with the African Traveler 2015, stating that they expected the real GDP in 2014 increased by 5.1% since 2010. The expected growth of the economy was 5.8% in 2015. Due to this growth, challenges in the hotel industry today include customer loyalty, brand switching and affinity, and leveraging technology to business needs which is facilitated by purchasing ability which is facilitated by technology innovation. Currently, guests have unrivalled market information which enables them to choose the available hotels, (Kotler, 2002). The other challenge faced is related to the different demographics as they have different purchasing patterns and different needs therefore creating different unique needs. In designing the loyalty system, there is need to fully analyze customer needs and establish objectives of the programs. This research will attempt to get data on repeat business due loyalty programs hence the evidence that the loyalty programs indeed influence brand performance.

1.1.1 Concept of Loyalty Programs

The concept of Loyalty programs in the hospitality market is a competitive aspect in commerce for the last three decades. The originality in Germany where service prices competition was not allowed by the government hence the programs started with Raleigh cigarette coupons and with stamp-based programs like the S&H Green Stamp Company gave the customers purchase points according to level of their purchases and the points were exchanged with a purchase value in any of the outlets, (Berman

2006). Loyalty programs operate on the assumption that customer maintenance is more valued than recruiting a new customer.

While loyalty programs have certainly progressed from saving stamps redeemable for merchandise, their basic intent has remained the same (Berman 2006). The current loyalty was started in 1981 by the American Airlines and hotels introduced with the travel business, credit card companies. The programs work with an aim of providing guest benefits according to the overall purchase within a given time, (Lewis, 2004). They challenge customers to buy in multiples and not singles, encourage constituent buying and increase the product buying by providing loyalty points which can be used in purchasing more services and goods.

Hotel business growth increases by getting new guests, repeat guests and referred guests from the established customers. Getting a new guest is more costly than retaining the old guest. According to Kotler (2002), hotel sales are increased by loyalty programs, increases customer confidence, with focus on value and relationships. Loyalty programs help in learning preferences of customers and in designing strategies that resonate the customer's experience therefore creating long term relationships. The most benefits of loyalty programs include the shift from acquiring new customers to increasing spending from existing customers and retaining them which increases the rate of customers and ensures profits whereby spending shifts to higher margin products which provides basis for all loyalty program initiatives (Lewis, 2004).

Consumers have shifted from the working experience and aim of affordable services; and the different demographics are therefore looking for value and relevance in those experiences. In building strategies to use with loyalty programs either based on hard

or soft benefits there is need to align customer and loyalty program to benefit though ensuring that the loyalty program supports the customer experience. To evaluate the effectiveness of these programs traditional there is need to understand the customer purchase pattern as the causation for this behavior's as way of creating proper programs that promotes relationship to the firm, (Charania, 2011).

1.1.2 Brand Performance

Brand performance can be defined as the contribution of a certain product in the overall profitability and operational effectiveness of any company. According to (Aaker, 2014) a brand performance in any firms gives every customer confidence that the brand has very high quality and is available in affordable prices and has no impact to the social or cultural beliefs of the buyers. However the brand also explains the product development which is based on the customer requirements and expectation, experience of the buyer at all times. The consistent measure of the brand performance contributes to the brand competitiveness hence have high market share,(Shugan, 2005).

Brand monitoring and evaluation is a key aspect of the brand success which give the brand SWOT analysis considering all external and internal forces driving the market. Most of the brands performance depends on the financial investment in marketing through free samples, news prints and employment of qualified sales and marketing team which promotes the brand performance, (Charania, 2011). The performance measure is managed from the brand introduction, marketing, product development in order to selects from other products in the market, (Aaker, 1996).According to Hart & Murphy, (1997) the measuring of the process is based on the financial value in order to evaluate the value source and improve the brand strength.

The relationship between the customers and the brands is based on the individual brand evaluation as compared to the existing brands in the market hence can be either short term or long term, (Hart & Murphy, 1997). Further argued that index on brand evaluation on the market share are believed to affect the competitiveness of the brand in the market. Aaker (1996), Loyalty programs as a brand offering gives many benefits to a company as it would be discussed later on. Aaker (1991) argues that in order to reap the benefits, organizations must not only manage loyalty but they must enhance it. Brands are powerful even more in service oriented enterprises such as the hotel industry.

1.1.3 The Hotel Industry in Kenya

Among the East Africa States, Kenya has the highest share on the tourist, international business meetings and events for the last five years hence has contributed to the growth of the hotel industry market. The Hotel Industry in Kenya is regulated by Tourism Regulation Authority (TRA) established in 2011 as a regulatory body under Tourism act 28 (section 4) with a responsibility to manage and issue guidelines and operational standards with aim of ensuring quality delivery of services. This body is charged with the responsibility of rating all the hotels in Kenya.

In Kenya, the Kenya Association of Hotel Keepers and Caterers (KAHC) founded in 1944 acts as a link between the shareholders in the hotels and restaurants to the government and other agencies. This Organization brings together hotels, restaurants, lodges, and membership clubs and airline caterers in the hospitality sector. The group's board is represented by various agency groups like KTB and TRA among others. Five star hotels currently include Crowne Plaza Hotel, Hemingway's Hotel, Hilton Hotel, Intercontinental Hotel, Laico Regency Hotel, PanariHotel, Safari Park

Hotel and Casino, Sankara Hotel, Sarova Stanley Hotel, Serena Nairobi, The Fairmont Norfolk, The Tribe Hotel, Villa Rosa Kempinski and Windsor Golf Hotel and Country Club.

Due to industry growth several hotels including international chains and local hotel are investors setting shop in Kenya thereby increasing competition. Over the last five years chains of hotels have opened in Nairobi thereby increasing on competition to the industry. In first half of 2016 chains such as Tune inn and Golden Tulip have established themselves. Currently other chains expected include Ramada Nairobi, Park Inn Nairobi by Radisson Blu, Marriott hotels, Moevenpick hotels, Hilton Garden Inn as well as others. Radisson blu and Best Western are also soon expected to open extra hotels in Nairobi.

1.1.4 The Five Star Hotels in Nairobi

The five star hotels in Nairobi are largely made up chain of hotels with more chains expected in the region due to industry growth and a positive economic outlook. A study done by Nijnens & Dunford (2016) from Hotels and Hospitality Group in Subharan Africa describes Nairobi as a semi-mature hotel market with 6,936 rooms which ranks it as the third largest hotel market in Sub-Saharan Africa. The 4-star segment is the largest supply segment in the market with 3,993 keys followed by 5-star at 1,340 keys. Nairobi is poised to enter a period of high supply growth with the opening of 4,354 new rooms having been announced, which represents a 63% growth in supply. This explains the significant high rate to entry of international chain of hotels in Nairobi and significantly expansions to both locals and international hotels as well as new local investors to the sector. This forms the basis for the study due to

increased competition which is a major challenge for hotels with ignoring the product strategy in offering services and guest loyalty base are key challenge.

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 was focused on all the five star hotels in Nairobi that presently have brand loyalty programs in place for their customers.

1.2 Research Problem

To remain competitive in the dynamic market against other market players, many organizations have come up with many customer retention strategies. Firms have to compete efficiently and effectiveness in order to maintain its profitability and operational performance by creating value to its customers. The process understands the business, the objective and vision, minimum requirements which will determine the operation of firms towards its goals,(Pearce & Robinson, 2003).

A survey for hotels done by HRG(2016), a travel management company operating in over 120 countries, reveals that there are great advantages to be had by the client who has control and compliance over their hotel programme. The survey shows that many hotel groups simply didn't achieve the rates or growth that they had been expecting. This is primarily a result of soft demand, decreases in supply and a number of new

products and categories of product, together with clients continuing to look for savings.

Yoo (2011) did a research study on the long-term impact of loyalty programs an evaluation from a Las Vegas casino hotel, whereby he was seeking to evaluate customer behavior in return increase on revenue. The first element of this study was concerned with determining whether loyalty programs actually impact member's "behavioral level". Further Yoo (2011) was concerned with determining whether the loyalty program generated positive revenue overall and the lastly he sought to determine whether the loyalty program tier levels had an impact on the members behavioural level. Yoo (2011) did an evaluation for all the tiers offered and concluded that the programs have significant effect on the guest behavioral and guarantee the hotels profitability.

In Kenya, Ali (2014) did a study on corporate brand equity and firm performance in the pharmaceutical industry. The study was about effect of brand equity to firm performance. Ali (2014) concludes that the equity on brand guest base has effect on guest brand choice. The study established that perceived quality, brand loyalty and brand image have the impact to the guest devotion. In view of these differences above based on previous studies, it was therefore important to attempt to establish the linkage between loyalty programs and brand performance. This research therefore answers the question: What is the influence of loyalty program on brand performance of five star hotels in Nairobi, Kenya?

1.3 Research Objective

The study sought to determine the influence of loyalty programs on brand performance of five star hotels in Nairobi.

1.4 Value of the Study

This research will contribute valuable information and data that will immensely contribute to the theory and practice of brand performance in the hotel industry. 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 therefore retain them as they aim to create value for the brand.

The hotel sector and related industry will gain from the study by understanding the contributions of loyalty programs to brands and more so understand the concept of brand performance metrics to not only create value for themselves but also to the customers. It will also assist managers in practice to make decisions that sort the challenges currently faced in acquiring and retaining customers to building long term relationships with the customers.

This study will be of great benefit to stakeholders in the Hotel Industry as this study will provide valuable information on effectiveness of loyalty programs and how this loyalty programs can be redesigned to allow for sustainable competitive advantage. The findings on effectiveness of customer loyalty programs and brand performance as a result of this could set precedence by encouraging other hotels especially four star hotels to invest in this programs as average s to further growth through customer loyalty. The study will also provide information to potential and current scholars on brand performance and building sustainable brands.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the previous studies that have been done and theories that advance loyalty programs and brand performance. It covers the theoretical review of dynamic capabilities, contributions of loyalty programs to influencing customer behavior and loyalty and ultimately leading to brand performance. Included also is the research gap and summary of empirical literature.

2.2 Theoretical Foundation

The study was anchored on the dynamic capabilities theory and relationship market theory. The theories formed the theoretical foundation of the study.

2.2.1 Dynamic Capabilities Theory

According to Teece et al. (1997), the theory is based on the company potential to generate competitiveness in the dynamic market environment. Dynamic challenges refer to the capacity of a firm to establish, distribute and develop a product according to the available resources. The theory assumes that in a dynamic market, capabilities procedures are the key aspects of the long term and short term competitive in the market. One of the views of the resources in competitiveness is embodied in the availability of resources in the firm, (Barney, 1991). While resources are necessary to deliver capability, the resource-based view (RBV) of competitive market to promote and establish new markets and allow maximization of the available acquired opportunities in the market, (Teece et al., 1997).

Markets dynamics confront the organizations and therefore they must develop new capabilities so as to avoid relating only on their investments. The organizations ability to respond to the changing business hence creating dynamic capabilities in utilizing of

firm's new found resources. This concept of dynamic capabilities has given organization to compete fairly in the market after the establishment of the strong market share. According to Teece et al., (1997), there are three dynamics aspects to be considered in addressing the new market challenges; firms and their stakeholders need the surety that the company will develop the asset growth, innovation in technology and customer care have contributed to the firms transformation from less performing to high profitable level.

The theory finally concludes that the dynamic capabilities in the market imply the factors which contribute to the ability of the firm to maximize its opportunities and manage the market threats. The business should be able to seize opportunities presented and at the same time to maintain the market share and whenever possible be able to reconfigure the business enterprises assets whether tangible or intangible to maintain the competitiveness, (Teece et al., 1997).

2.2.2 Relationship Marketing Theory

The theory is based on the services and goods effective marketing. According to Whittington (2005), International economy has grown in very high percentage and the individual companies have maintained profit levels in all years of trading. To maintain the growth, firms have engaged in global business hence meet competition which is maximized in the local market. Marketing enables firms to maintain the current market share and attract more customers which make the marketing strategy effectiveness, (Punniyamoorthy & Murali, 2008). Marketing Strategy gives the every firm a breakthrough to the competitive market both short term and long term.

Many scholars like Johnson, Scholes and Whittington (2005), have defined the marketing strategy as the innovative way of marketing with an aim of maintaining the

market share which supports the theory by offering very high competitive chances in the market. This gives stakeholders and the investors' confidence in taking part of ownership by purchasing of shares. The strategy has shifted from individual perspective to constructing long term marketing chain in the market with aim of maintaining and winning the customer loyalty in provision of constant revenues and improving the profitability, (Shugan, 2005). According to (Charania, 2011), market evaluation and monitoring ensures effectiveness of the service provision, customer satisfactory and product development.

2.3 Loyalty Programs and Brand Performance

The impact of the loyalty programs and the brand performance is the key reason of the marketing brands to the guest. The program enables the guest to perchance in bulk or in groups in order to enjoy the loyalty points and use them in purchasing more goods and services within the hotel. They enable the marketing department to promote the loyalty programs by availing the program to all areas, give sufficient points within any perchance. Loyalty program give the firms competitive advantage and product benefit to the guest. Customer loyalty is a key aspect for the financial success of any retail firm purely based on the concept that is followed by new customers.

The programs are the guest rewards from the marketing hence motivates the purchasing behavior of customers towards the brands, (Sharp & Sharp, 1997).The loyalty is designed. Brophy (2006) on his study of effect of the Guest loyalty programs in Kimpton Hotels where he tests hypotheses that the Kimpton In Touch members exhibit loyalty to Kimpton which he says may be validated when it comes to testing with first time stay guests. The alternative hypotheses state Kimpton InTouch

members are more likely to promote the brand than non-members, as he argues there may be evidence that Kimpton InTouch are more likely to promote the brand than non-members. In his findings loyal members may promote the brand as first time guests, though they were likely to stay with brand and visit other Kimpton hotels. This is true depending on the positive relationship and satisfaction for members of the program as explained based on relational exchange theory of relationship marketing.

In measuring effectiveness of loyalty programs to brand performance, a study that was conducted by Charania (2011), on hospitality loyalty program effectiveness evaluation rubrics argues that the brand value is a conceptual and that behavioral attitude and financial value used in monitoring the loyalty programs. Behavioral measures involves the success evaluation of loyalty and changes in a more reliable production cost and affordable selling prices as compared with the other companies offering the same products. A full evaluation of profitability as a result of loyalty programs should account for office maintenance cost.

The direct and indirect cost affect the final price tag for any product in the market where the administration costs are direct cost and labor is indirect cost. The cost can be minimized by technology considerations and considering the opportunity cost in production,(Uncles et al., 2003). According to the Charania,(2011), project discounting is a key aspect in project rate of return evaluation and financial management. The measure of behavior involves the financial amounts available in the loyalty programs, product development and product distribution. The attitudinal measures of the research are based on the guest studies and financial return on investment, break even analysis and also include production cost of the program.

Al-Msallam (2015) studied on the customer satisfaction and brand loyalty in the hotel industry. The sample included all three star and for star hotels where the loyalty managers were considered as the respondents of the study. The study identified that brand image and the price are significantly related to the dependent variable. Conclusion of the study included the improvement of the loyalty to satisfactory of the guest in which marketing department should promote the brand strategy.

Awan & Rehman (2014) investigated the impact of customer satisfaction on brand loyalty. The study targeted hotels in Pakistan which offered the loyalty programs in 2014. The study established that the loyalty generates more customer confidence and satisfactory by the improved value programs hence the variables had significant relationship. The concluded that the brand performance has significant positive relation with customer satisfactions in home appliances sector of Pakistan.

Adeleke and Aminu (2012) investigated the determinants of customer loyalty in Nigeria's GSM market by considering service quality, price/tariff, customer service/care, and corporate image and customer loyalty. The study concentrated on the urban hotels which provide the loyalty programs. The research concluded that product price don't affect the customer satisfaction and loyalty in the Nigeria's GSM market. However, the recommendation was that the hotels to consider other aspect which affect the guest satisfactory within the hotel industry.

The hotel industry today is a highly competitive market coupled with unpredictability and reduced product differentiation and thereby making brand loyalty as a central element of marketing strategies (Baraza, 2012). In his study on brand loyalty and competitiveness among five star hotels in Nairobi, Kenya he agrees with Keller (2008) that brand loyalty generates various benefits like limited entry barriers,

response to competitive threats, larger margin sales and revenues and the lowers customer's sensitivity to marketing efforts of competitors. In his findings and conclusions, Baraza (2012) states that loyalty programs can enhance the profitability of five star hotels in Nairobi and therefore recommends that these hotels start thinking seriously about starting a brand loyalty program.

In Summary, loyalty programs have an impact on customer's behavior as this will influence the purchasing pattern. A satisfied customer is more loyal to the brands offered by the company therefore leading to a positive mutual relationship between the customer and the company. This in turn creates a long term relationship thereby creating long term competitive advantage. While loyalty programs are important to encouraging customer loyalty, still there are challenges in meeting the main objective of profitability as a reason for a firm's existence. The studies don't seek to show that there is a relationship between loyalty and performance of the brands which form the research gap. Developing the marketing strategies that work in the highly competitive industry is a major challenge as this is dependent on other industry factors .This has therefore has led to the development of a major knowledge gap and this study seeks to contribute towards filling the gap.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology used in carrying out the study. The subsection includes the research design, target population, data collection methods and the procedure for data analysis.

3.2 Research Design

A descriptive cross sectional research survey was used in this research because the same variables were measured/determined across all the five star hotels in Nairobi. There was a correlation study of how loyalty programs influence on brand performance to hotels. Descriptive research shows an accurate profile of persons, events or situations that allows the collection of large amounts of qualitative and quantitative data from the target population.

3.3 Population of Study

The population of the study is the specific number of units in which desired information was obtained and well defined, (Pole & Lampard, 2002). Population studies are mostly used because they land biased information since all members are included in the study (Mugenda & Mugenda, 2003).

The population included ten five star hotel which offered the loyalty programs within Nairobi City and the loyalty managers where the key respondents of the study. However, the managers deal with brand loyalty program on a day to day basis in the hotels. Additional respondents may be the marketing managers who naturally would possess sufficient knowledge on issues to do with loyalty programs.

3.4 Data Collection

The primary data was collected through use of questionnaires. The questionnaire has three sections with Section A, collecting data about the research unit, Section B collecting data on Loyalty Programs and Section C collecting data on brand performance. Discussions and guidance on how to complete the questionnaire was offered where solicited, and any additional information gathered was recorded and used to assist in analyzing the data collected through the questionnaires.

The target respondents were either the marketing manager and loyalty manager of each of the five star hotels. The questionnaires were dropped and then picked upon follow-up with the relevant people. Performance parameters of these hotels like percentage occupancy, revenue per available room, number of food covers and cost per cover and general profitability existed as secondary data and made available by the marketing and loyalty managers. Further required data was be obtained from the hotel websites if available and necessary.

3.5 Data Analysis

The data raw facts collected was checked for reliability and coded as respect to the study objective. The coding was done using the SPSS software and results generated. Descriptive statistics was also used to calculate the variable average s, STDEV of the independent variables. The findings were presented using frequency tables, graphs, charts and percentages. The relationship of variables was estimated using correlation and regression analysis.

A regression model was established to determine the relationship between the dependent and independent variables.

The model was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon$$

Where

Y = Brand performance

β_0 = Constant (coefficient of intercept)

$\beta_1 \dots \beta_7$ = Regression coefficient of the variables.

$X_1 \dots X_7$ = Independent variables

ε = Error term

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study sought to determine the influence of loyalty programs on brand performance of five star hotels in Nairobi. The chapter discusses the data analysis, results and discussion.

4.2 Response rate

The population and sample of the study comprised of ten five star hotels within Nairobi city and only eight hotel respondent hence the response rate of the study was 80.00 %.

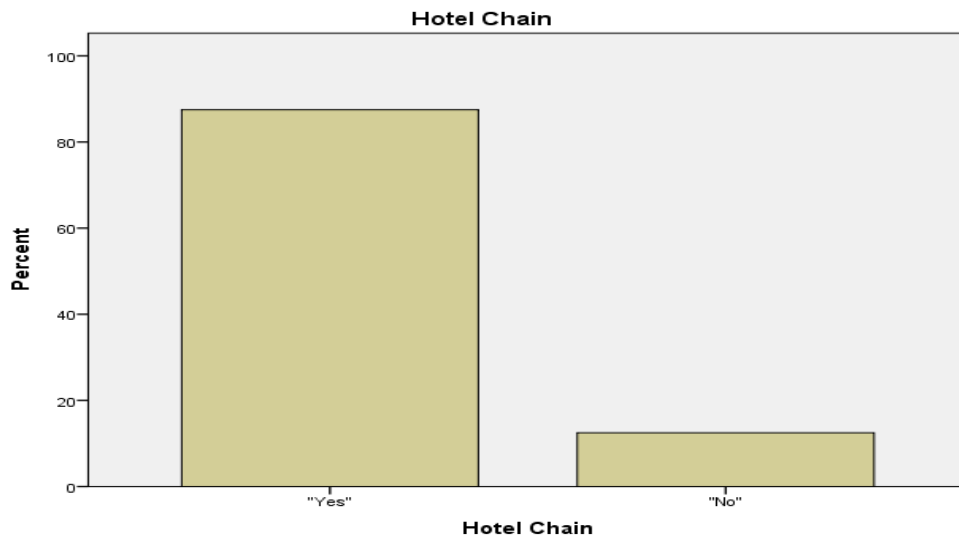
4.3 General Information

From the study ten five star hotels in Nairobi were considered. The respondents were Loyalty Managers and Marketing Managers. The hotels were most chains, with the two of the respondents i.e. Crowne plaza and Intercontinental hotel operating in Nairobi being the same brand. The hotels have either a combinations of either the two types of loyalty programs or the three running together.

4.3.1 Hotel Chain

The study sought to determine if the selected hotels operated in a chain of hotels. The study established that 87.5 % of the hotels have a hotel chain while 12.5% of the hotels lack the chain. Figure 4.1 presents the respondents response on if the Hotel has a hotel chain or not.

Figure 4.1: Hotel Chain

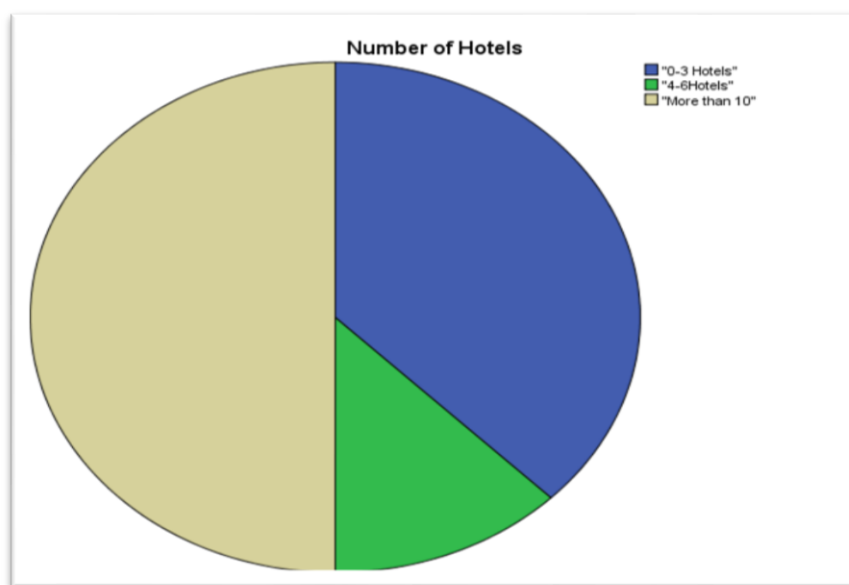


Source: Primary Data

4.3.2 Number of Hotels.

The study sought to determine the number of hotels within the chain of the hotels. From the study the chain with less than 3 hotels was presented by 37.5 %, the range between 4-6 hotels presented 12.5 % and more than 10 hotels presented 50.0%. Figure 4.2 below presents the number of hotels within the chain.

Figure 4.2: Number of Hotels

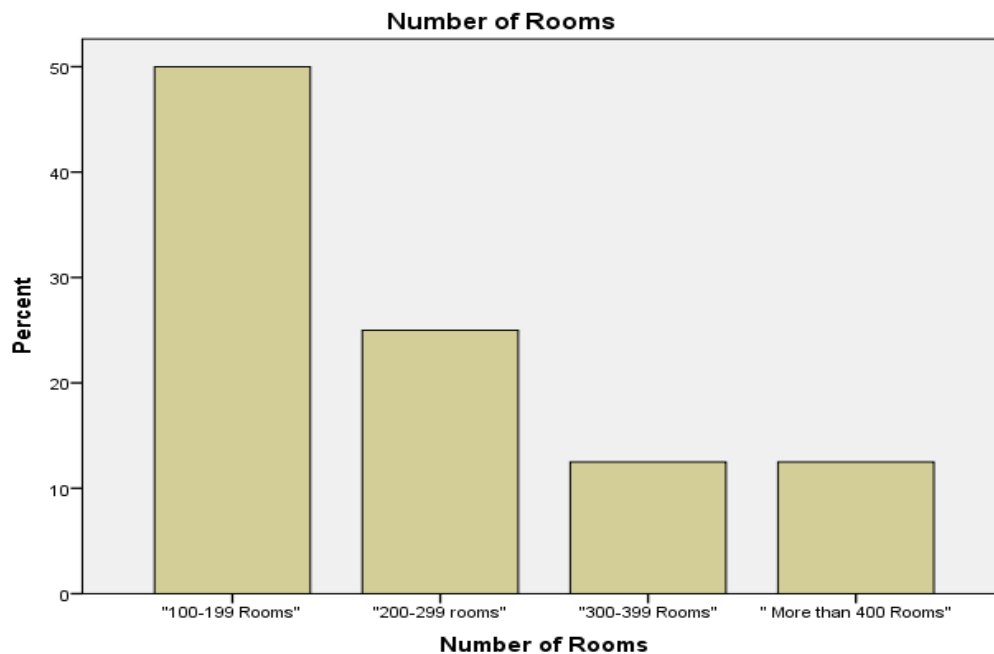


Source: Primary data

4.3.3 Number of Rooms

The study sought to establish the number of rooms available in the selected five star hotels. From the study, the range of 100-199 Rooms presenting 50.0%, 200-299 rooms presenting 25.0%, 300-399 rooms presenting 12.5 % and more than 400 rooms presenting 12.5 %.Figure 4.3 below presents the Number of rooms within the hotels under study.

Figure 4.3: Number of Hotels

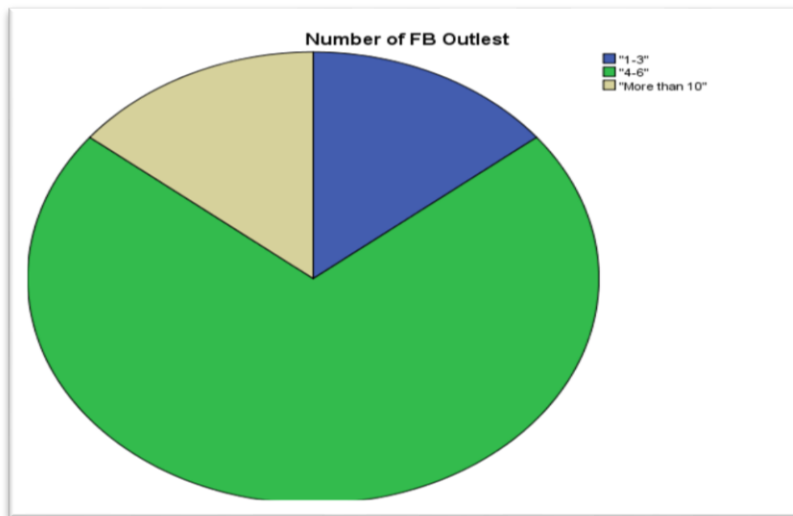


Source: Primary Data

4.3.4 Number of Food and Beverage Outlets

The study sought to determine the number of Food and Beverage outlets within the hotels. From the study, the range of outlets 1-3 presented by 12.5 %, 4-6 outlets presenting 62.5 % and more than 10 outlets presenting 12.5 %. However, 12.5 % of the respondents didnt indentifies the number of outlets within their Hotels. Figure 4.4 below presents the number of FB outlets.

Figure 4.4: Number of Food and Beverage Outlets

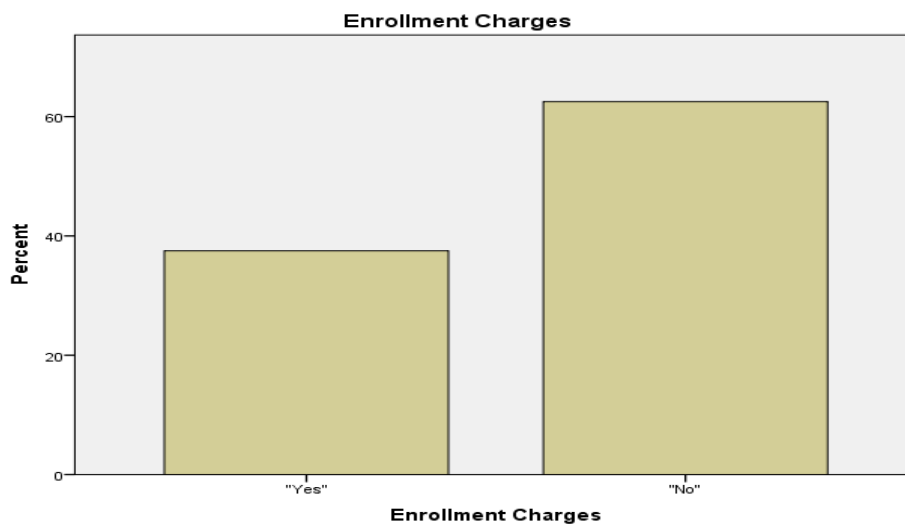


Source: Primary data

4.3.5 Enrollment Charges

The study sought to determine the enrollment charges within the hotel industry. From the study the respondents agreed at rate of 37.5% and disagree at a rate of 62.5%. The figure 4.5 below shows the response rate.

Figure 4.5: Enrollment Charges

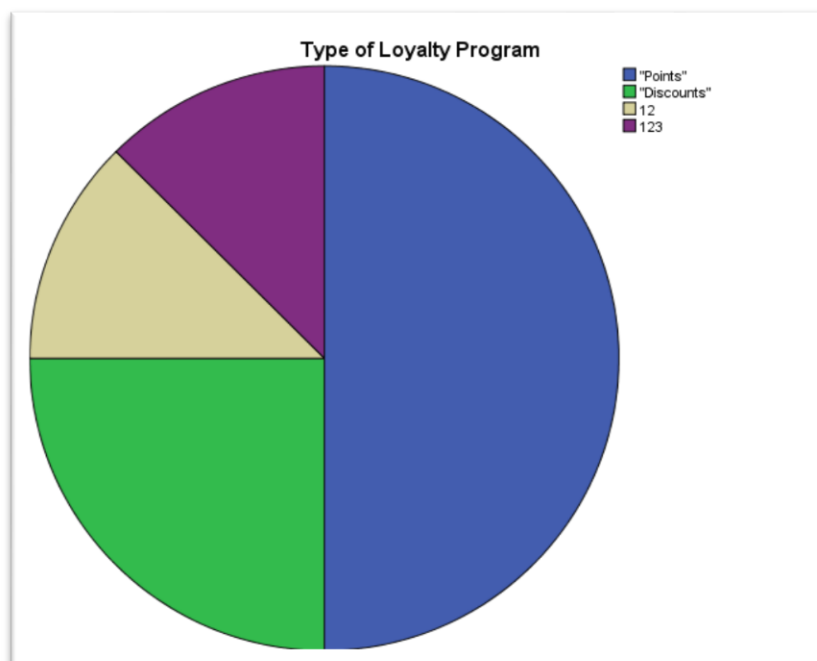


Source: Research Findings

4.3.6 Type of Loyalty Program

The study sought to determine the type of loyalty program within the five star hotels. From the study 50.0% of the hotels gives points, 25.0% of the hotels gives discounts, 12.5 % gives both points and discounts while 12.5 % gives points, discounts and targeted offers. The figure 4.6 below presents the type of Loyalty program.

Figure 4.6: Type of Loyalty Program

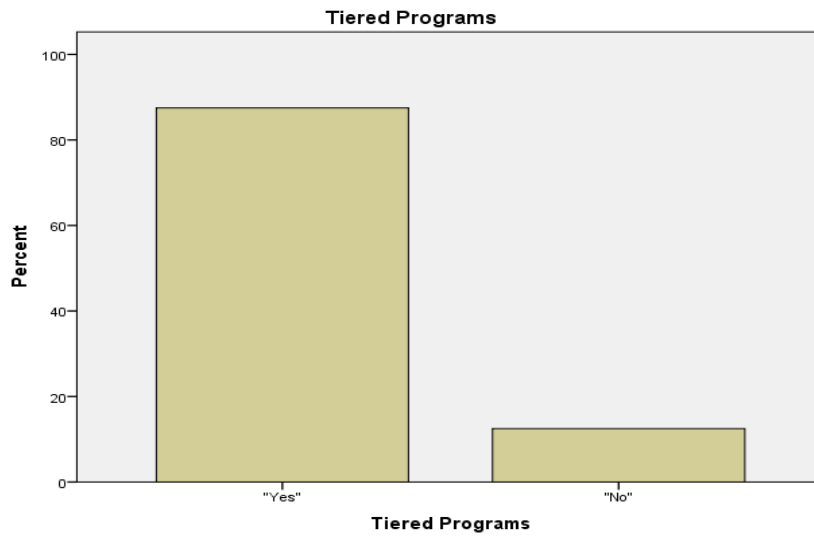


Source: Primary Data.

4.3.7 Tired Programs

The study sought to determine the responds on if yes or not the hotels have tiered programs. From the study 87.5 % agreed and 12.5 % disagreed. Figure 4.7 below presents the respondents on tired programs.

Figure 4.7: Tiered Programs

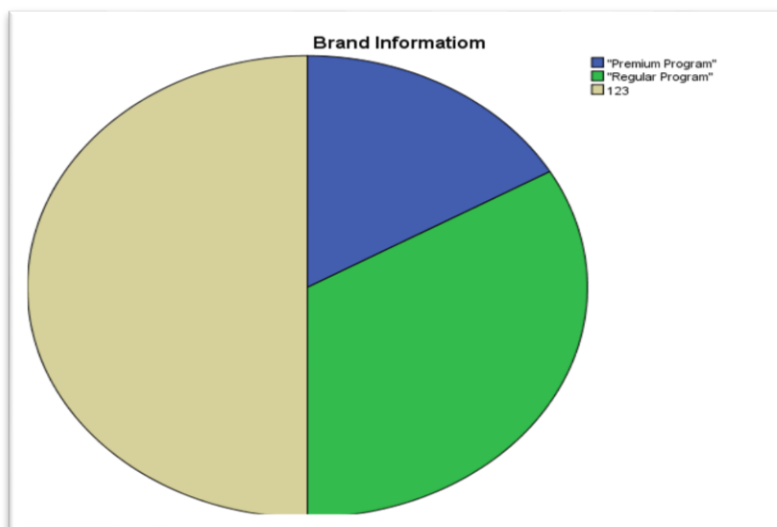


Source: Primary Data.

4.3.8 Brand Information

The study sought to determine the brand information. From the study premium program presented 12.5 %, regular programs presented 25.0%, both regular and premium presented 37.5% and 35.0% of the respondents did not indicate the brand information's. Figure 4.8 presents the brand information.

Figure 4.8: Brand Information

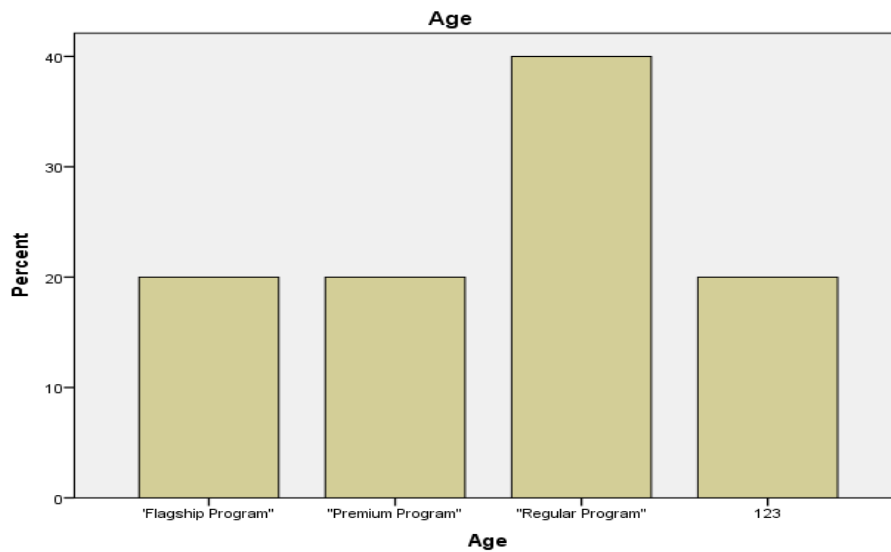


Source: Primary data

4.3.9 Brand Level (Age)

The study sought to determine the brand level depending on the age of the customer. From the study, Flagship Program presented 12.5 %, premium presented 12.5 %, and regular program presented 25.0 % and 12.5 % presented the three programs.

Figure 4.9: Brand Level (Age)



Source: Primary Data

4.3.10 Brand Level (Customer Preference)

The study sought to determine the brand level according to the customer preference. From the study, premium programs are presented by 12.5 %, regular programs presents 25.0% and 62.5 didn't indicate the brand level according to the customer preference. Figure 4.10 below presents the brand level according to customer preference.

Figure 4.10: Brand Level (Customer Preference)

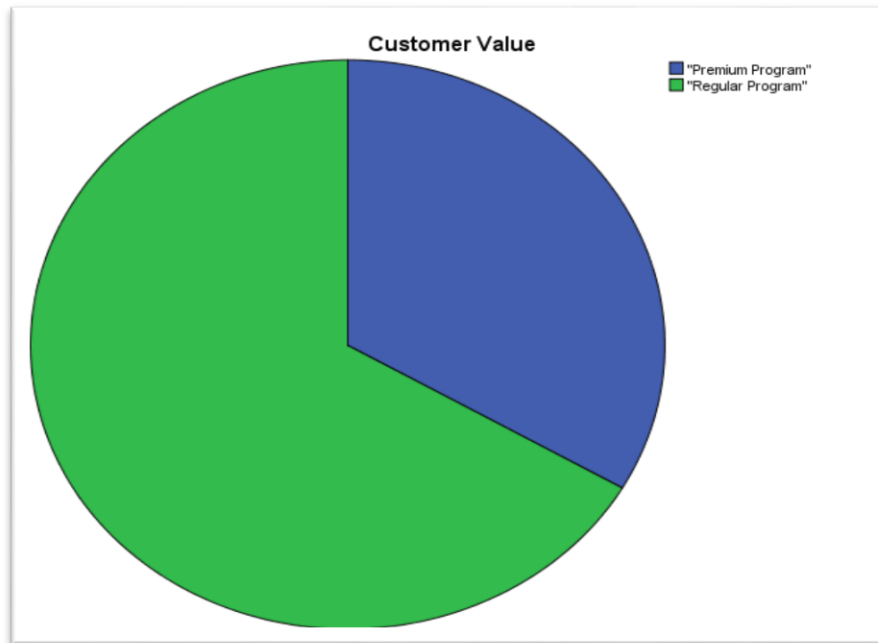


Source: Primary Data

4.3.11 Brand Level (Customer Value)

The study sought to determine the brand level according to the customer value. From the study, premium programs are presented by 12.5 %, regular programs presents 25.0% and 62.5% didn't indicate the brand level according to the customer preference. The figure 4.11 below presents the brand level according to customer value.

Figure 4.11: Brand Level (Customer Value)



Source: Primary Data

4.3.12 Brand Level (Loyalty)

The study sought to determine the brand level according to the customer loyalty. From the study, premium programs are presented by 12.5 % and 87.5% didn't indicate the brand level according to the customer preference.

4.4 Descriptive Statistics

The study set out to establish how Prestige and exclusivity, Points and Reward Redemption Flexibility, Data Mining, Brand Loyalty, Brand Awareness, Perceived Quality, Brand Associations influence the loyalty programs on brand performance of five star hotels.

4.4.1 Prestige and Exclusivity

The study sought to determine how prestige and exclusivity influence the loyalty programs on brand performance of five star hotels and table 4.1 below gives the descriptive statistics. From the study, the extend of the enrolment open is presented by average of 4.13 and STDEV of 1.458, The extent of enrolment invitations based on consumer analysis presented by average of 4.25 and STDEV of 1.389, the extent of consumers are provided incentives to enrol immediately with no need to return in the future is presented by average of 4.63 and STDEV of 0.744, the extend of program tiers to provide additional prestige to loyal members is presented by average of 3.38 and STDEV of 1.996 while the extend of the bases of differentiation of value to consumers is presented by average of 4.50 and STDEV of 0.756.

Table 4.1: Prestige and Exclusivity

	N	Average	Std. Deviation
Extend of the enrolment open.	8	4.13	1.458
Extent OF enrolment invitations based on consumer analysis	8	4.25	1.389
Extent of consumers are provided incentives to enrol immediately with no need to return in the future	8	4.63	.744
Extend of program tiers to provide additional prestige to loyal members	8	3.38	1.996
Extend of the bases of differentiation of value to consumers?	8	4.50	.756
Valid N (listwise)	8		

Average Score: 4.178

Source: Primary Data

4.4.2 Points and Reward Redemption Flexibility

The study sought to determine how Points and Reward Redemption Flexibility influence the loyalty programs on brand performance of five star hotels. The table 4.2 below presents the research findings. From the study, ability to transfer airline and hotel points to partner companies is presented by average of 3.50 and STDEV of 1.690, Coalitions allowing members to earn points at more than just one firm companies is presented by average of 3.00 and STDEV of 2.138. The redemption time for point's averaging that how far in advance members must plan to utilize points companies is presented by average of 3.75 and STDEV of 1.832.

Table 4.2: Points and Reward Redemption Flexibility

	N	Average	Std. Deviation
Ability to transfer airline and hotel points to partner companies	8	3.50	1.690
Coalitions allowing members to earn points at more than just one firm	8	3.00	2.138
The redemption time for points	8	3.75	1.832
Valid N (listwise)	8		

Average Score: 3.42

Source: Primary Data

4.4.3 Data Mining

The study sought to determine how data mining influences the loyalty programs on brand performance of five star hotels. The table 4.3 below presents the research findings. The study established that organization collects demographic information with an average of 4.25 and STDEV of 1.488, collects purchase behavior information

with an average of 4.38 and STDEV of 1.188, collects member satisfaction and feedback with an average of 4.38 and STDEV of 1.188, organization utilizes data to improve marketing initiatives with an average of 4.75 and STDEV of 0.707, the organization utilizes this data to improve operations with average of 5.00 and STDEV of 0.000.

Table 4.3: Data Mining

	N	Average	Std. Deviation
Collects demographic information	8	4.25	1.488
Collects purchase behavior information	8	4.38	1.188
Collects member satisfaction and feedback	8	4.38	1.188
Utilizes data to improve marketing initiatives	8	4.75	.707
Utilizes this data to improve operations	8	4.75	.463
Empowers employees to utilize information to improve the customer experience	8	5.00	.000
Valid N (listwise)	8		

Average Score: 4.585

Source: Primary Data

4.4.4 Brand Loyalty

The study sort to determine how brand loyalty influences the loyalty programs on brand performance of five star hotels. The table 4.4 below presents the research findings. From the study, the extend of that brand loyalty helps in reducing marketing costs is presented by average of 4.75 and STDEV of 0.463 , the extend do you believe loyal customers represent a stable source of revenue for distributive trade is presented by average of 4.25 and STDEV of 1.389, the extend that current customers

help boost name awareness and bring in new customers is presented by average of 5.00 and STDEV of 0.000, the extend that current customers help boost name awareness and bring in new customers is presented by average of 4.25 and STDEV of 1.488.

Table 4.4: Brand Loyalty

	N	Average	Std. Deviation
Brand loyalty helps in reducing marketing costs	8	4.75	.463
Loyal customers represent a stable source of revenue for distributive trade	8	4.25	1.389
Current customers help boost name awareness and bring in new customers	8	5.00	.000
Loyal customers are not quick to switch brands therefore allowing more time to react to competitive threats	8	4.25	1.488
Valid N (listwise)	8		

Average Score: 4.56

Source: Primary Data

4.4.5 Brand Awareness

The study sort to determine howbrand loyalty influences the loyalty programs on brand performance of five star hotels. The table 4.5 presents the study findings. From the study, the extend of fewer or more associations needs to attach it to influence brand awareness is presented by average of 3.88 and STDEV of 1.458, the extend of familiarity and likeness of the brand by customersis presented by average of 4.75 and STDEV of 0.463 , the extend of customer commitment to the brandis presented by average of 4.25 and STDEV of 0.886 , the extend of brand form part of the evoked set of brands in customers mindis presented by average of 4.13 and STDEV of 0.835.

Table 4.5: Brand Awareness

	N	Average	Std. Deviation
Fewer or more associations needs to attach it to influence brand awareness	8	3.88	1.458
The familiarity and likeness of the brand by customers	8	4.75	.463
The customer commitment to the brand	8	4.25	.886
Brand form part of the evoked set of brands in customers mind	8	4.13	.835
Valid N (listwise)	8		

Source: Primary Data

4.4.6 Perceived Quality

The study sought to determine how perceived quality influences the loyalty programs on brand performance of five star hotels. The table 4.6 below presents the research findings. From the study, the extend of the quality offered by the brand/product is the reason to buy it is presented by average of 4.75 and STDEV of 0.707, the extend of the level of differentiation in relation to competing brands is presented by average of 4.50 and STDEV of 0.756 , the extent of the customers have a higher perception due to as a result of availability of different sales channels is presented by average of 4.00 and STDEV of 0.756 , the extend do you have number of lines or brand extensions is presented by average of 3.38 and STDEV of 1.685.

Table 4.6: Perceived Quality

	N	Average	Std. Deviation
The quality offered by the brand/product is the reason to buy it	8	4.75	.707
There is a level of differentiation in relation to competing brands	8	4.50	.756
That customers have a higher perception due to as a result of availability of different sales channels	8	4.00	.756
Number of lines or brand extensions	8	3.38	1.685
Valid N (listwise)	8		

Average Score: 4.1575

Source: Primary data

4.4.7 Brand Association

The study sought to determine how brand association influences the loyalty programs on brand performance of five star hotels. The table 4.7 presents the research findings. From the study the extend of brand name able to retrieve association from consumers mind is presented by average of 3.00 and STDEV of 1.512, the extend of the association leads to differentiation in relation to competition mind is presented by average of 3.88 and STDEV of 0.991, the extend of the brand associations play a role in buying process mind is presented by average of 4.25 and STDEV of 0.886, the extend of the brand associations create positive attitude/ feelings mind is presented by average of 4.75 and STDEV of 0.463, the extend of the higher brand extensions in the market mind is presented by average of 3.71 and STDEV of 1.380

Table 4.7: Brand Associations

	N	Average	Std. Deviation
The brand name able to retrieve association from consumers mind	8	3.00	1.512
The association leads to differentiation in relation to competition	8	3.88	.991
The brand associations play a role in buying process	8	4.25	.886
The brand associations create positive attitude/ feelings	8	4.75	.463
The higher brand extensions in the market	7	3.71	1.380
Valid N (listwise)	7		

Average Score: 3.918

Source: Primary Data

The other study sought to determine the member's guest reaction on the loyalty programs. From the study 37.5 % of the guests where extremely satisfied, 12.5 % where satisfied, 12.5 % indicated that the program need improvements and 37.5 % didn't indicate there reaction on the programs. The non-members guest reaction on the loyalty programs findings was 12.5 % recommended that the program need improvements and 87.5 % didn't indicate there reactions on the programs.

The study set out to establish the number of registered guest in the hotels within the last six months, from the study the range of 0-499 guest presented 75% and 1000-1499 guest presented 25.0%. The number of repeat guest was presented at the range of 0-499 guest presented 87.5 % and 12.5% didn't response to the numbers. The number of referred guest at the range of 0-499 guest presented 87.5 % and 12.5% didn't response to the numbers.

The study also established the room occupancy within the hotels. From the study the range of 0-25 was presented 37.5 %, 26-50 presented 12.5 %. 51-75 presented by 37.5

% and 12.5 % didn't indicate their room occupancy. From the study the room rates charged by hotels, no hotel charged less than Ksh 10,000 in their rooms. The range of 10,001-12,500 presented 12.5% and above Ksh 15,001 presented 25.0 %. However, 62.5 % of the respondents didn't indicate their room rates.

4.5 Regression Analysis

Table 4.8: Model Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.1248 ^a	.01557	-.021	3.219

a. Predictors: (Constant),

Source: Primary Data

The analysis of the model R-Squared is a presented by 0.01557 and R is 0.124 in which both are used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R-square, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables 0.021 of the changes in the loyalty programs in brand development in the Hotel Industry.

Table 4.9: ANOVA Analysis

Model		Sum of Squares	Df	Average Square	F	Sig.
1	Regression	26.187	3	9.327	.624	.807 ^b
	Residual	498.451	5	12.883		
	Total	524.638	8			

a. Dependent Variable : Brand Performance

b. Predictors: (Constant),

The probability value of 0.807 indicates that the regression relationship was highly significant in predicting Prestige and exclusivity, Points and Reward Redemption Flexibility, Data Mining, Brand Loyalty, Brand Awareness, Perceived Quality and Brand Associations affect the brand development Hotel industry in Kenya. The F calculated at 5% level of significance was 0.624 since F calculated is greater than the F critical (value = 0.05), this shows that the overall model was not significant.

Table 4.10: Regression Analysis

		Regression Coefficients				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.243	2.119		1.456	.063
	Prestige and exclusivity	.298	.127	-.141	-.467	.428
	Points and Reward	.569	.805	.039	.645	.375
	Data Mining	.379	.124	-.089	-.271	.587
	Brand Loyalty	.821	.362	-.112	-1.38	.217
	Brand Awareness	.357	.454	.083	.909	.295
	Perceived Quality	.454	.764	.056	-.753	.836
	Brand Associations	.983	.425	.746	.425	.946

a. Dependent Variable: Brand Performance

The model equation of $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$

becomes:

$$Y = 7.243 + 0.298X_1 + 0.569X_2 + 0.379X_3 + 0.821X_4 + 0.357X_5 + 0.454X_6 + 0.983X_7 + e$$

From the regression, it is established that brand association influences the brand performance at a high rate of 0.983, Brand Loyalty at 0.821, Points and Reward Redemption Flexibility at 0.569, Perceived Quality at 0.454, Data Mining at 0.379, Brand Awareness at 0.357 and Prestige and exclusivity at 0.298. The regression equation above has established by the independent variables which are the Prestige

and exclusivity, Points and Reward Redemption Flexibility, Data Mining, Brand Loyalty, Brand Awareness, Perceived Quality, Brand Associations) have influence on dependent variable (brand performance)

4.6 Discussions

The study sought to determine the influence of loyalty programs on brand performance of five star hotels in Nairobi. The population and sample of the study comprised of ten five star hotels within Nairobi city and only eight hotel respondents hence the response rate of the study was 80.00 %. The study established that the respondents were Loyalty Managers which presented 62.5% and Marketing managers presenting 37.5%. The study established that 87.5 % of the hotels have a hotel chain while 12.5% of the hotels lack the chain with less than 3 hotels was presented by 37.5 %, the range between 4-6 hotels presented 12.5 % and more than 10 hotels presented 50.0%.

From the study, the range of 100-199 Rooms presenting 50.0%, 200-299 rooms presenting 25.0%, 300-399 rooms presenting 12.5 % and more than 400 rooms presenting 12.5 %. According to Dunford (2016) many five star hotels have number of FB outlets, the range of outlets 1-3 presented by 12.5 %, 4-6 outlets presenting 62.5 % and more than 10 outlets presenting 12.5 %. However, 12.5 % of the respondents didn't identify the number of outlets within their Hotels. The enrollment charges within the hotel industry the respondents agreed at a rate of 37.5% and disagreed at a rate of 62.5% with 50.0% of the hotels giving points, 25.0% of the hotels giving discounts, 12.5 % giving both points and discounts while 12.5 % giving points, discounts and targeted offers.

The study established that the hotels have tiered programs with 87.5 % agreed and 12.5 % disagreed and brand information in which premium program presented 12.5 %, regular programs presented 25.0%, both regular and premium presented 37.5% and 35.0% of the respondents did not indicate the brand information's. The study of Baraza (2012) established that the brand level depending on the age of the customer with Flagship Program presented 12.5 %, premium presented 12.5 %, regular program presented 25.0 % and 12.5 % presented the three programs. The brand level according to the customer preference, premium programs are presented by 12.5 %, regular programs presents 25.0% and 62.5 didn't indicate the brand level according to the customer preference.

The brand level according to the customer value with premium programs are presented by 12.5 %, regular programs presents 25.0% and 62.5% didn't indicate the brand level according to the customer preference. The brand level according to the customer loyalty with premium programs are presented by 12.5 %, and 87.5% didn't indicate the brand level according to the customer preference. The prestige and exclusivity of the study indicated consumers are provided incentives to enrol immediately with no need to return in the future which concur with the study of Ali (2014). In Points and Reward Redemption Flexibility indicated that redemption time for point's averaging that how far in advance must members plan to utilize points companies, data mining within the hotel industry the Hotels industry utilizes data to improve marketing initiatives.

Brand performance metrics-brand loyalty established that brand loyalty helps in reducing marketing costs and brand awareness, depending on strength brings about familiarity and likeness of the brand by customers. According to Brophy (2006), Perceived quality analysis shows that quality offered by the brand/product is the

reason to buy it hence the brand association analysis indicated that brand associations create positive attitude/ feelings mind. The members guest reaction on the loyalty programs with 37.5 % of the guests where extremely satisfied, 12.5 % where satisfied, 12.5 % indicated that the program need improvements and 37.5 % didn't indicate there reaction on the programs. The study concurred with the Al-Msallam (2015) the non-members guest reaction on the loyalty programs 12.5 % recommended that the program need improvements and 87.5 % didn't indicate there reactions on the programs.

Registered guest in the hotels within the last six months range of 0-499 guest presented 75% and 1000-1499 guests presented 25.0%. The repeat guest in the hotels within the last six months at range of 0-499 guest presented 87.5 % and 12.5% didn't response to the numbers. The number of referred guest in the hotels within the last six months at range of 0-499 guest presented 87.5 % and 12.5% didn't response to the numbers. Room occupancy within the hotels at range of 0-25 was presented 37.5 %, 26-50 presented 12.5 %. 51-75 presented by 37.5 % and 12.5 % didn't indicate there room occupancy. Room rates charged by the hotels from the study, no hotel charged less than Ksh 10,000 in their rooms. The range of 10,001-12,500 presented 12.5% and above Ksh 15,001 presented 25.0 %. However, 62.5 % of the respondents didn't indicate their room rates.

In summary, based on the findings of the study hotels should understand their strengths and weaknesses which are presented by the unique product offerings, and be able to capitalize on those on those areas in order to create those assets to enable them to create capacities to remain competitive using the available resources. Loyalty programs probably would work more with chains because of their more product offering. Even so single hotels can definitely remain competitive by using their

strengths to still maintain achieving customer loyalty. There is need therefore for hotels to redesign their loyalty programs not only to assist in creating value and also to create long term relationships with the customers which is the essence of relationship marketing.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary, conclusion, recommendation, limitation of the study and suggestion of further research

5.2 Summary

The study sought to determine the influence of loyalty programs on brand performance of five star hotels in Nairobi. The sample of the study comprised of ten five star hotels within Nairobi city and only eight hotel respondent. The hotels in the study are chains. The hotels have standard room mostly less than 400 and around ten FB outlets. From the study the hotels have enrollment charges and have loyalty programs in discounts, points and target offers.

The study established that the hotels have tiered programs which are premium program presented, regular programs and premium programs. The brand level depends on the age of the customer with Flagship Program, premium and regular. The brand level according to the customer preference had premium programs, regular programs. The brand level according to the customer value with premium programs are presented more that the brand level according to the customer preference. The brand level according to the customer loyalty with premium programs are presented more than brand level according to the customer preference. The prestige and exclusivity of the study indicated consumers are provided incentives to enrol immediately with no need to return in the future. In Points and Reward Redemption

Flexibility indicated that redemption time for points averaging that how far in advance must members plan to utilize points companies, data mining within the hotel industry the Hotels industry utilizes data to improve marketing initiatives.

Brand performance metrics-brand loyalty established that brand loyalty helps in reducing marketing costs and brand awareness, depending on strength brings about familiarity and likeness of the brand by customers. Perceived quality analysis shows that quality offered by the brand/product is the reason to buy it hence the brand association analysis indicated that brand associations create positive attitude/ feelings mind. The members guest reaction on the loyalty programs where extremely satisfied, satisfied, others indicated that the program need improvements and other didn't indicate there reaction on the programs. The non-members guest reaction on the loyalty programs recommended that the program need improvements.

Registered guest in the hotels within the last six months range of where less than 500 and very few above 1000. The number of referred guest in the hotels within the last six months at range where less than 500 and room occupancy within the hotels at range of between 50-75% of the total rooms. Room rates charged by the hotels from the study, no hotel charged less than Ksh 10,000 in their rooms and only one charged above 15,000.

5.3 Conclusion

The study sought to determine the influence of loyalty programs on brand performance of five star hotels in Nairobi. The hotels have chains with less than 500 rooms and ten FB outlets with enrollment charges and give loyalties in discounts, points and target offers. Registered guest, referred guest are the main guest of the hotels. However the room rates range between Ksh 10,000 and 20,000.

The study established that the hotels have tiered programs which are premium program, regular programs and premium programs. The brand level depends on the age of the customer, customer value and preference and customer loyalty which are premium, regular programs. The prestige and exclusivity of the study indicated consumers are provided incentives to enrol immediately with no need to return in the future. In Points and Reward Redemption Flexibility indicated that redemption time for points averaging that how far in advance must members plan to utilize points companies, data mining within the hotel industry the Hotels industry utilizes data to improve marketing initiatives.

Brand performance metrics-brand loyalty established that brand loyalty helps in reducing marketing costs and brand awareness, depending on strength brings about familiarity and likeness of the brand by customers. Perceived quality analysis shows that quality offered by the brand/product is the reason to buy it hence the brand association analysis indicated that brand associations create positive attitude/ feelings mind. The members guest reaction on the loyalty programs where extremely satisfied, satisfied, others indicated that the program need improvements and other didn't indicate there reaction on the programs. The non-members guest reaction on the loyalty programs recommended that the program need improvements.

5.4 Recommendations

From the study the Hotel relies on Loyalty Managers and Marketing managers in loyalty programs. The study recommends that all members of the staff should be included in programs to improve its effectiveness in the brand performance. From the study is established that the hotels have tiered programs which are premium program, regular programs and premium programs which depends on age of the customer,

customer value and preference and customer loyalty. The study recommends that hotels to introduce more loyalty programs since the current programs may limit some guest in enjoying the programs.

The study established that brand loyalty helps in reducing marketing costs and brand awareness, depending on strength brings about familiarity and likeness of the brand by customers. However, the study recommends that the hotel to improve on the loyalty programs and be offered to every guest who visits the hotel since they improve the hotel performance.

5.5 Limitations of the Study

The hospitality industry is composed of almost is global companies hence it was not easy to get the information as compared to the public companies where the information are published the company website. The other limitation was time constraint in regards to other commitments such as work and meeting set timelines by the university.

5.6 Suggestions for Further Research

Kenyan Hotel industry is a dynamic markets in which is experiencing significant entry by new participants to the Market hence there is still gaps of more research despite of many studies for the last five years. From this study, there is need to carry out study on the influence of loyalty programs on performance of all star hotels in Kenya.

Further study can be done on the challenges of loyalty programs and brand performance both all-star Hotels. The study can be also categorized into the number

of star (Three star, four star and five star). This will enable a clear understanding of the loyalty programs in the hospitality industry and also include multiple respondents.

Other researches can be done on micro-economic and macro-economic factors affecting the security companies in the East Africa region like the insecurity, government regulations, inflation and exchange rates. This will give a clear picture on the effects of security business across the boundaries.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

University of Nairobi,

P. O. Box 30197 - 00100,

Nairobi, Kenya.

Dear Sir/ Madam,

RE: INTRODUCTION LETTER

I am an MBA student at University of Nairobi doing a survey on THE INFLUENCE OF LOYALTYPROGRAMS ON BRAND PERFORMANCE OF FIVE STAR HOTELS IN NAIROBI, KENYA. A part of the course work I am required to do a research project on management problem, therefore I would like to use your organization as part of my study. The results of the report will be used solely for academic purposes and a copy of the same will be availed to you if you participate. I believe your hotel will provide a rich source of information and I therefore request you to allow me to collect data required for the study. The information provided will be confidential and will only be used for academic purpose.

Thanks in advance.

Yours faithfully,

SALLY MUNGW'EE MULWA

APPENDIX II: RESEARCH QUESTIONNAIRE

All respondents and information provided will be treated as confidential.

Please answer the following questions by placing a tick where necessary in the spaces provided or otherwise state

SECTION A: BIO DATA

- 1) What is your managerial position
Loyalty Manager
Marketing Manager
- 2) Is your hotel a chain? Yes No
If yes, state the name of the chain.....
- 3) What is the number of hotels within the chain.....
- 4) What is the number of rooms in the hotel.....
- 5) What is the number of F&B outlets in the hotel.....

SECTION B: LOYALTY PROGRAMS

- 6) Are there enrollment charges? Yes No
- 7) What is your type of loyalty programs do you offer(Tick where appropriate)
Points Discounts Targeted offers
- 8) Is your loyalty program a tiered program (Tick where appropriate)
Yes No
How many tiers?.....
- 9) Kindly provide this brand information
Flagship Program.....
Premium Program.....
Regular Program.....
New Program (List name if appropriate).....

10) Describe an average customer in this categories based on the brand levels above

	Flagship	Premium	Regular	New Program
Age				
Customer preference				
Customer Value				
Loyalty				

11) Please indicate by ticking the appropriate box the extent to which you agree with each statement. Use a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree

	1	2	3	4	5
Prestige and exclusivity					
To what extend is the enrolment open?					
To what extent are enrolment invitations based on consumer analysis					
To what extent consumers are provided incentives to enrol immediately with no need to return in the future?					
To what extend does program tiers to provide additional prestige to loyal members					
To what extend are the bases of differentiation of value to consumers?					
Points and Reward Redemption Flexibility					
Ability to transfer airline and hotel points to partner companies					
Coalitions allowing members to earn points at more than just one firm					
How is the redemption time for points? (How far in advance must members plan to utilize points)					
Data Mining					
My organization collects demographic information					
My organization collects purchase behavior information					

My organization collects member satisfaction and feedback					
My organization utilizes data to improve marketing initiatives					
My organization utilizes this data to improve operations					
My organization empowers employees to utilize information to improve the customer experience					

SECTION C: BRAND PERFORMANCE METRICS

12) Please indicate by ticking the appropriate box the extent to which you agree with each statement. Use a scale of 1-5 where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree

	1	2	3	4	5
Brand Loyalty					
To what extent do you agree that brand loyalty helps in reducing marketing costs?					
To what extent do you believe loyal customers represent a stable source of revenue for distributive trade?					
To what extent do you agree that current customers help boost name awareness and bring in new customers?					
To what extent do you agree that loyal customers are not quick to switch brands therefore allowing more time to react to competitive threats?					
Brand Awareness					
Depending on strength, to what extent do you agree with fewer or more associations needs to attach it to influence brand awareness?					
To what extent is the familiarity and likeness of the brand by customers?					
To what extent is the customer commitment to the brand?					
To what extent does the brand form part of the evoked set of brands in customers mind?					
Perceived Quality					
To what extent do you agree the quality offered by the					

brand/product is the reason to buy it?					
To what extent do you agree there is a level of differentiation in relation to competing brands?					
To what extent do you agree that customers have a higher perception due to as a result of availability of different sales channels?					
To what extent do you have number of lines or brand extensions?					
Brand Associations					
To what extent is the brand name able to retrieve association from consumers mind e.g. TV advertising?					
To what extent do you agree the association leads to differentiation in relation to competition?					
To what extent do you agree that brand associations play a role in buying process?					
To what extent do you agree that brand associations create positive attitude/ feelings?					
To what extent do you have higher brand extensions in the market?					

13) Please summarize guest comments regarding the program over the last 6 months as follows:

Comments	No. of Guests (Members)	No. of Guests (nonmembers)
Extremely Satisfied		
Satisfied		
Would like Improvements		
Dissatisfied		
Non-Committed		

14) How has been the enrollment for the last 6 months? How many have been repeat guests during same period? How many have been referred to the program by members? Give actual number of guests.

	Registered Guests	Repeat Guests	Referred Guest
March			
April			
May			
June			
July			
August			

15) Kindly provide below details on below for the last 6 months

	Room Occupancy	Average Room Rate	Number of food covers
March			
April			
May			
June			
July			
August			

16) Of the above, provide details of the same as result of the loyalty programs

	Room Occupancy	Average Room Rate	Number of food covers
March			
April			
May			
June			
July			
August			

Thank you for taking time to fill out this questionnaire

APPENDIX III: LIST OF FIVE STAR HOTELS IN NAIROBI

Crowne Plaza Hotel

Hilton Hotel

Intercontinental Hotel

Panari Hotel

Sankara Hotel

Sarova Stanley Hotel

Serena Nairobi

The Fairmont Norfolk

The Tribe Hotel

Villa Rosa Kempinski

SOURCE: TRA (TOURISM REGULATORY AUTHORITY)