

The Relationship between Directional Advertisements Customer Retention in Conventional and Budget Hotels in Uasin Gishu, Kenya

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Abstract: *Simple marketing notion is viewed by the business analysts as an effective strategy if the enterprise is planning to gather and/or keep the loyalty of the consumer. Furthermore, in circumstances of fierce and constantly increasing competition both locally and internationally, the pressure for marketing to demonstrate its value in improving the business performance is greater than ever. Therefore, many businesses in Kenya including the hotel industry has used various modes to attract and retain their customers, key among them is advertising. Very few studies have been conducted to show the extent of adoption of directional advertising mediums and their effect on the different aspects of businesses in Kenya. Thus, this paper aims to determine the extent of adoption of Directional-based advertising in the conventional and budget hotels in Kenya how it affects the customer retention. The study was done in Eldoret town in Uasin Gishu County. The study adopted descriptive research design. The target population comprised 20 conventional and budget hotels. Simple random sampling was used to select 10 establishments while systematic random sampling was used to select the 210 customers who participated in the study. Purposive sampling was used to select the 10 management staff. Data was collected using questionnaires. Data collected was analysed using descriptive statistics and Pearson linear regression with the aid of SPSS. The results showed that directional advertisement has a relationship with customer retention especially Newspaper classified and yellow pages because they are goal-oriented and highly organized setting that allow consumers to collect and process information at a desired pace. Use of directional media to mean those media whose primary goal is for directional advertising. Directional advertisings is used by actively engaging users rather than passively receiving audiences. It is the recommendation of the study that hotel managers should design directional advertisement to allow potential customers with a variety of backgrounds and ability to have realistic expectations of their chances of success with the organizations and it should be frequently advertisement so that the customers can be able to know the type of product that are available in the hotels.*

Keywords: Advertising, Directional advertisings, Customer Retention, Conventional and Budget Hotels, Eldoret, Kenya

1. Introduction

Simple marketing concept is viewed by the business analysts as an effective strategy if the organization is planning to gather and/or keep the loyalty of the consumer (Margalef, 2010). Furthermore, in circumstances of fierce and constantly increasing competition both locally and internationally, the pressure for marketing to demonstrate its value in improving the business performance is greater than ever. Therefore many businesses worldwide including the hotel industry has used various modes to attract and retain their customers, key among them is advertising. There is modest research on directional media such as Yellow Pages, catalogs, newspaper classifieds, movie listings, directories and industrial guides while there is considerable research on advertising placed in traditional mass media. The Yellow Pages is probably the most familiar form of this classification. Accounting for \$11.5 billion in spending in 1997 (YPPA, 1998), the Yellow Pages is larger than magazine advertising in terms of dollars spent. There is little academic research on the Yellow Pages. The lack of research leaves retail and national marketers with little information to aid in their Yellow Pages advertising other than sales person recommendations or proprietary studies done by the medium itself. It is not surprising that there has been a call for independent study in the area (Laughlin 1993; Taff, 1992).

One area of particular importance is the impact of various ad cues on response. Much information provided in any retail-oriented medium is of a factual nature such as store hours or brands carried. However, other information can be implied through various means. For example, the type of music used in an ad (Sullivan, 1990) or the dress of individuals shown (O'Neal and Lapitsky, 1991) can imply the perceived quality and credibility of a business. Ad size signals information about reputation and credibility (Moriarty, 1986), product or service quality (Kirmani, 1990) and product assortment (Homer, 1995). Directional advertising is designed to help potential buyers locate interesting information (Fernandez, 1995). The communication route is typically one-to-one and it is assumed that a potential buyer brings him or herself to ads. Advertising in this case is catering to customers needs. Advertisements in directional media differ from those in traditional mass media. For example, ads in directional media are placed in goal-oriented and highly organized settings (Fernandez, 2000) that allow consumers to collect and process information at a desired pace. Conversely, advertisements in traditional mass media can be within a distracting and unorganized environment where little room is spared to the audience to critically evaluate the quality of the product and services. Furthermore, use directional media to mean those media whose primary goal is for directional advertising. Thus, Yellow pages and catalogs are directional media. On the other hand, certain media can be utilized for both directional advertising and brand building advertising. The understanding of directional advertisings, given that

they are used by actively engaged users (Briggs and Hollis, 1997) rather than passively received audiences (Stewart, 1992).

Internet-based Directional Advertising (IDA) is designed to accommodate audiences. Information-seeking needs in an Internet environment. In this case, customers know what they would like to find to some extent. Some examples of IDA are online yellow pages for car insurances or a particular product, search engine results, and online consumer reports. Examples of Traditional Directional Advertising (TDA) can be car insurance ads in the yellow pages of a phone book, real estate guidebooks, and newspapers classifieds. Fernandes and Rosen (2000), and Lohse and Rosen (2001) use the terms .directional media and directional advertising to refer to yellow pages advertising. Directional medium is primarily designed for carrying advertisements. For example, users of Yellow pages are searching for information. Therefore, their attitudes toward the medium (i.e. the Yellow Pages) are essentially based on their attitudes toward a specific advertisement.

Despite the fact that most of the world's consumers have certain things in common, their values and attitudes, as well as behaviour often differ (Park, 1996). As a result, it is vital that business managers understand these differences and adapt their marketing strategies accordingly. Failure to do so could result in disaster for a company's products and marketing programs. More specifically, the degree to which advertisement should be adjusted in accordance to distinctive consumer characteristics in different countries is of great concern for many business ventures (Armstrong *et al.*, 2005). Consequently, the debate about whether to standardize or adapt an advertising campaign has come to dominate the area within the marketing literature for decades. Although some notable advertising campaigns have been successful, most business enterprises have difficulties in targeting and stimulating consumers through a standardized marketing programme (Harris *et al.*, 2003).

Moreover, as today's economies are becoming more entwined than ever, any possible method that can be used in supporting the building of business's brands is appealing. Although advertising is still the number one communication tool for businesses, immense changes within, for instance, technology has required business enterprises to implement the most suitable methods that can attract and retain customers effectively (Erdogan *et al.*, 1998). Most of the advertisement research that exist merely suggests which advertisement is the best amid those that are evaluated and "consumer awareness of sponsors and perceptions of the sponsor's image" (Park, 1996; Hartley, 2001; Tsai, Liang, and Liu, 2007; Rao and Miller, 2007), without elaborate linkage between the advertisement and consumer retention and accordingly there is little evidence concerning the effects the advertisement activities have on consumers' retention in the business premise. Therefore, this paper aims at providing evidence in determining how directional advertisement determine the customer retention in conventional and Budget hotels in Uasin Gishu County in Kenya.

2. Research Methodology

The research adopted a descriptive research design. The study was conducted in Eldoret town which is the capital and largest city Uasin Gishu County. This town was chosen for this study because it is one of the fastest growing in Kenya with high concentration of new and upcoming hotels. The target population comprised all the customers and managers of selected conventional and budget hotels in Eldoret town. The information obtained was based on North Rift Tourism Guide (2012). Purposive sampling was used to select the ten hospitality establishments in the study area because they had adequate information to answer the objective of the study. Purposive sampling was further used to select all the 10 managers of the ten sampled hospitality establishments in the study area. Finally, systematic random sampling was used to select 440 customers as respondents for the study. Both primary and secondary data was collected in the study. Primary data was collected using questionnaires. Secondary data was collected by the use of document analysis. Content validity of the questionnaire was established by consulting the two supervisors and experienced researchers in the school of Education, as well as colleagues in the department. To check on reliability of the questionnaire, Cronbach-Alpha coefficient was used to calculate the reliability coefficient after a pilot test. The reliability coefficient was 0.7 and was accepted as a good measure of reliability. The data was collected by the researcher with the help of two research assistants. The research assistant was trained by the researcher before going to the field. Data was collected at designated times in hotels during visiting hours or at appropriate times in line with the institutions rules and regulations. All the quantitative data collected was analysed using descriptive statistics such as means, percentages and frequencies. Inferential statistics mainly chi-square were used to compute the relationship between the study variables.

3. Findings and Discussions

3.1 Directional Advertisement

In order to establish the directional advertisement used in Convectional and Budget hotels in Uasin Gishu County the respondents (Customers) were asked to give their opinion on the different directional advertisement which affects customer retention in hotels. Results are shown in table 1.0 below:

Table 1: Directional Advertisement

| Variable | Frequency | Percent |
|----------------------|------------|--------------|
| Newspaper classified | 90 | 43.9 |
| Catalogues | 78 | 38.0 |
| Yellow pages | 21 | 10.2 |
| Directories | 9 | 4.4 |
| Others | 7 | 3.5 |
| Total | 205 | 100.0 |

The analysis above indicate on Table 4.7 that most of the respondents 90 (43.9%) voted newspaper classified, 21 (10.2%) yellow pages, 78 (38%) catalogues, 9 (4.4%) directories while 7 (3.5%) used other directional advertisements. This results show that most of the hotels

used newspaper classified as a form of directional advertisement which could be attributed to the fact that most of the customers can afford to get the newspapers and get advertisements and hence advertising is considered a powerful marketing tool because it reinforces consumer preferences for brands by making consumers less price sensitive through product differentiation. From the interviews newspaper classifieds, directories and yellow pages were the directional advertisements used in convectional and budget hotel.

3.1.1 Frequency on Use of Directional Advertisements

The researcher also asked the customers how often they have come across directional advertisement in the hotels. Result in Table 4.8 show that majority 116 (56.6%) of the customers often used yellow pages as a directional advertisement is frequently used by hotels, 45 (22%) were neutral, 39 (19%) rarely used while 5 (2.4%) did not respond. These findings reveal that majority of respondents 56.6% were of the opinion that the hotels use yellow pages which suggest that indeed yellow pages were used quite often.

In order to establish the usage of catalogues as a directional mode of advertisement, the respondents were asked to state the frequency of use. The results shows that 74 (36.1%) customers were neutral that catalogues as directional

advertisement was used by hotels, 72(30.8%) often used on the other hand, 62 (30.3%) rarely used whereas 6 (2.9%) customers did not respond. It is worth noting that majority of the respondents agreed to the fact that catalogues were widely used by most hotels in advertisement.

The research also sought to establish whether newspapers classified was used to advertise. The results shows that 68 (33.2%) customers very often used newspapers classified was used in advertising 44 (21.5%) often used, 53 (25.9%) were neutral, 32(15.6%) rarely used while 4 (2.0%) never used newspaper classified fro advertisements. These findings reveal that majority of respondents 54.6% were of the opinion that the hotels use newspapers classified while 17.6% said that newspapers were not used. These findings suggest that newspapers classified were widely used.

Finally looking at the frequency of Newspaper classified as a directional advertisement 68 (33.2%) very often used, 44 (21.5%) often used, 53 (25.9%) were neutral, 32 (15.6%) rarely used while 4 (2.0%) never used while 4 (2%) did not respond. From the findings above it could be concluded that the purpose of frequent advertising is to creates awareness of the advertised product and provide information that will assist the consumer to make purchase decision but to continue to repurchase and eventually develop-brand loyalty.

Table 1.2: Frequency on Use of Directional Advertisements, N=205

| Variable | No response | | Very often | | Often | | Neutral | | Rarely | | Never | |
|----------------------|-------------|-----|------------|------|-------|------|---------|------|--------|------|-------|------|
| | F | % | F | % | F | % | F | % | F | % | F | % |
| Yellow pages | 5 | 2.4 | 73 | 35.6 | 43 | 21.0 | 45 | 22.0 | 30 | 14.6 | 9 | 4.4 |
| Catalogues | 6 | 2.9 | 12 | 5.9 | 51 | 24.9 | 74 | 36.1 | 58 | 28.3 | 4 | 2.0 |
| Directories | 4 | 2.0 | 68 | 33.2 | 44 | 21.5 | 53 | 25.9 | 32 | 15.6 | 4 | 2.0 |
| Newspaper classified | 5 | 2.4 | 39 | 19.0 | 45 | 22.0 | 29 | 14.1 | 60 | 29.3 | 27 | 13.2 |

3.2 Customer Retention

The researcher asked the customers about their willingness to return to the hotel and also what will make them (customer) return to the hotel. The findings shows that 167 (81.5%) of the customers were willing to return to the hotel 38 (18.6%) were not willing to return to the hotel which implies that the mode of advertisement could have great impact on customer retention. Further probe was made to ascertain whether advertisement was solely the factor to determine willingness of the customer retention or other factors also came to play based. Based on the findings most of the customers 114 (55.6%) positively agreed that good food contributed to their willingness to return to the hotel while 91(4.4%) had a negative response. One hundred and two (49.8%) customers positively agreed that good accommodation contributed to their return to the hotel in the same breath 103(50.2%) disagreed that good accommodation makes them return to the hotel. This indicates that the quality of food provided also have an influence on the willingness of the customers to return although majority of the customers negatively responded that they were not willing to returning to hotels based on accommodation. This could be an indication that majority of the customers were resident of Uasin Gishu County and did not spend night outs in the hotels.

Table 1.3: Customer Retention, N=205

| | Frequency | Percent | |
|--------------------------------|-----------|---------|------|
| Willingness to return to hotel | | | |
| Yes | 167 | 81.5 | |
| No | 38 | 18.5 | |
| Returning to the hotels | | | |
| Good food | Yes | 114 | 55.6 |
| | No | 91 | 44.4 |
| Good accommodation | Yes | 102 | 49.8 |
| | No | 103 | 50.2 |

3.1 Customers Accompanied to the Hotel

The researcher also asked the customers to establish whether customers accompanied other customers to hotels because of advertisements. Results shows that 88 (42.9%) customers ascertained that they have accompanied by less than 2 people at least whenever they visited the hotel 93(45.4%) customers ascertained that 2-5 people accompanied them 24(11.7%) customers ascertained that they were accompanied by more than 5 people. The findings indicate that the mode of advertisement help the customers to bring other people hence retaining them and at the same time retaining their own customers.

Table 1.4 Customers Accompanied to the Hotel

| | Frequency | Percent |
|-------------------------|------------|--------------|
| 2-5 people | 93 | 45.4 |
| Less than two customers | 88 | 42.9 |
| More than 5 people | 24 | 11.7 |
| Total | 205 | 100.0 |

4. Discussion

This discussion is based on the preceding analysis and establishes the relationship between directional advertisement and customer retention in convectional hotels that is yellow pages, catalogues, directories and newspaper classified. On the directional advertisement most of the respondents used newspaper classified. These results show that most of the convectional and budget hotels in Uasin Gishu County used newspaper classified as a form of directional advertisement. Advertising is considered a powerful marketing tool because it reinforces consumer preferences for brands by making consumers less price sensitive through product differentiation. From the interviews newspaper classifieds, directories and yellow pages were the directional advertisements used in convectional and budget hotel.

Looking at the how often the customers have come across directional advertisement in the hotels most of the respondents agreed that yellow page is frequently used in advertisement. In line with these results is the study of Ambler and Hollier (2004), who reported that directional advertising has a crucial role in positioning a product and promoting brand quality as a basis for purchase decision. From the findings above it can also be concluded that the purpose of directional advertising is to create awareness of the advertised product and provide information that will assist the consumer to make purchase decision, the relevance of advertising as a promotional strategy, therefore, depends on its ability to influence consumer not only to purchase but to continue to repurchase and eventually develop-brand loyalty.

Results from the cross tabulation determining the relationship between directional advertisement and customer retention in convectional and budget hotels, the chi-square results revealed a significant level of customer's retention and directional advertisements. The results showed that there is a relationship between the two hence directional advertisements influences their choice of conventional and budget hotels within Uasin Gishu County. It appears that customers who agree are approximately twice more likely to prefer directional advertisement than those who agreed otherwise. This is further supported in the second row showing that customers disagreed that non directional advertisement influences customer retention of conventional and budget hotels in Uasin Gishu County. The findings collaborate with Fernandez, (1995) who pointed out that directional advertising is designed to help potential buyers locate interesting information. The communication route is typically one-to-one and it is assumed that a potential buyer brings him or herself to ads. Advertising in this case is catering to customers' needs. Advertisements in directional media differ from those in traditional mass media (Fernandez, 1995).

4.1 Hypothesis Testing

Directional advertisements was the most highly positively and significantly correlated to traditional advertisements ($r=0.244$, $p>0.01$). This shows therefore that directional advertisements had 24.4% positive relationship with traditional advertisements. This was interpreted to mean that for effective customer retention in the hospitality industry, both directional and traditional advertisements have to be integrated together since the presence of one influences the existence of the other. Directional advertisements was also found to have a positive relationship with internet-based advertisements but they are not significantly correlated to each other ($r=0.123$, $p>0.01$). This shows that directional advertisements had 12.3% positive relationship with internet-based advertisements as shown below:

Table 4.12: Correlations statistics

| | | Traditional advertisements | Internet-based advertisements | Directional advertisement | Customer retention |
|-------------------------------|---------------------|----------------------------|-------------------------------|---------------------------|--------------------|
| Traditional advertisements | Pearson Correlation | 1 | | | |
| | Sig. (2-tailed) | | | | |
| | N | 205 | | | |
| Internet-based Advertisements | Pearson Correlation | .074 | 1 | | |
| | Sig. (2-tailed) | .291 | | | |
| | N | 205 | 205 | | |
| Directional advertisement | Pearson Correlation | .244** | .123 | 1 | |
| | Sig. (2-tailed) | .000 | .080 | | |
| | N | 205 | 205 | 205 | |
| Customer retention | Pearson Correlation | .130 | .019 | .373** | 1 |
| | Sig. (2-tailed) | .063 | .788 | .000 | |
| | N | 205 | 205 | 205 | 205 |

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

Findings provided enough evidence to suggest that there was linear relationship between traditional advertisements,

internet-based advertisements, and customer retention with directional advertisements being significantly correlated to customer retention.

5. Conclusion and Recommendations

This paper concludes that directional advertisement has a relationship with customer retention especially Newspaper classified and yellow pages because they are goal-oriented and highly organized setting that allow consumers to collect and process information at a desired pace. Use of directional media to mean those media whose primary goal is for directional advertising. Directional advertisements is used by actively engaging users rather than passively receiving audiences. It is the recommendation of the study that hotel managers should design directional advertisement to allow potential customers with a variety of backgrounds and ability to have realistic expectations of their chances of success with the organizations and it should be frequently advertisement so that the customers can be able to know the type of product that are available in the hotels

5.1 Suggestion for Further Studies

It is recommended that a further study be carried out using the same methodology but encompassing all the counties in Kenya.

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