

The Relationship between Traditional Advertisement and Customer Retention in Conventional and Budget Hotels in Uasin Gishu, Kenya

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Abstract: *The increase of a new product's sales could be attributed to consumers being informed about the existence of the product hence advertising can accelerate the consumer awareness process. However, research on the relationship between advertisements on customer retention lacks in many areas including the hospitality sector. The objectives of the study were to determine the relationship between traditional advertisement and customer retention in conventional and budget hotels in Uasin Gishu County, Kenya. 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 linear regression with the aid of SPSS. From the correlation results, the use of traditional advertisements was found to be weakly correlated to customer retention ($r=0.130$, $p=0.063$). Based on these results, the study concluded that customer retention cannot be fully achieved through traditional. Consequently, the study recommends that hotel managers should make an effort to change from traditional advertisement modes to new age advertisement modes such as the internet.*

Keywords: Advertising, Traditional Advertisements, Customer Retention, Conventional and Budget Hotels

1. Introduction

Advertisement is defined as a form of marketing communication used to promote or sell something, usually a business's product or service (Sznajd-Weron & Weron, 2003). The subject of advertisement has been topic of debate either on one pretext or another for decades. At the beginning of 19th century, though, it was a subject of little interest to the major researchers, but it became a fertile topic for economic research at the turn of 20th century during which, on one side its constructive role in providing information to customers to satisfy their wants at lower cost was recognised and on the other a wasteful confrontational role by offering little information and doing redistribution of customers from one firm to another was acknowledged (Sharma & Sharma, 2009). Presently, advertising is a multi-billion industry, employing hundreds of thousands of people and affecting billions of people's lives worldwide (Ding, Eliashberg & Stremersch, 2014). In 2014 alone, firms across the globe spent an estimated \$518.8 billion on advertising (Nganga, 2015), and according to research, it is believed that spending will maintain a 6% growth rate for the next couple of years. In the modern business, advertising is a tool of marketing for communicating ideas and information about goods and services to an identified group, which employs paid space or time in the media or uses another communication vehicle to carry its message (Mackowski, 2009).

Advertising can also be exemplified as any paid form of non-personal communication about an organization, product, service or idea by an identified sponsor (Rysman, 2009). It openly identifies the advertiser and his relationship to the sales effort. Broadly, the role of advertising expenses in an

economy can be classified under two heads. Advertising increases profits and reduces consumer welfare by creating false product differentiation and barriers to entry (Johnson, 2013). The other school of thought focuses on the informative character of advertising which makes markets more competitive and reduces profits by informing the customers about prices and quality (Iyer, Soberman & Villas-Boas, 2005). In spite of the above mentioned segregation, one cannot deny the fact that ultimate function of advertising expenses is to promote sales revenue, which is determined by a number of market oriented factors. That is why every organisation with the expectation of earning return is investing on this mode of marketing communication. Hence, in pursuit of their ultimate objective of increasing sales, every attempt of each marketer is to make this mode of sales generation more effective.

In Kenya, advertisement is also a multi-billion shilling industry (Jebungei, 2014). Locally, one can encounter advertising messages, while watching TV, reading magazines, listening to the radio, surfing the internet, or even simply while walking down the street. Some empirical studies have been conducted to assess the different aspects of relationship between advertisements and sales at different points of time in Kenya (Nederkoorn, 2014; Asghar, Abbasi & Zafarullah, 2015). Based on a number of these studies it was determined that advertisement has a stimulating influence on purchasing behaviour of the customer. It was pointed out by Kyule (2014) that in Kenyan hotel industry, as a consequence of long-term changes, such as the increase of a larger and more diverse range of media, as well as the arrival of new technologies, particularly the internet, consumers have become better informed than ever, and as a result, some of the traditional advertisement methods are no longer as effective as they used to be. This

mammoth surge of advertisements from every possible source is basically to fulfil the urge of marketers to reach a large number of people so that their product may receive optimum exposure. The role of this mass mode of communication in creating brand loyalty, deterring entry and consequently increasing sales revenue and profits of the organisation and causing impact on the business cycle has been emphasized at various points of time by different studies outside Kenya (Christopher, Payne & Ballantyne, 2013; Feldman & Lobo, 2013).

Effective advertising is that which communicates the desired message. While to the media buyer, effective advertising is that which reaches to prospective buyers a sufficient number of times (Fennis & Stroebe, 2015). However to the advertising or marketing manager, effective advertising is that which, together with other marketing forces, sells his brand or product. This promotional tool has proved to be successful in reaching a large audience, and seeing as consumer behaviours differ greatly in preferences and product choices, it is apparent why sponsorship has outperformed other marketing methods. Yet, as a result of globalization, the use of advertisement across cultural borders including in Kenya where many businesses have explored various modes of advertisement in order to reach their audience.

Several reports in grey literature have indicated that hotels in Kenya continue to increase the frequency of their advertisements with observation of increased use of public media forum to enhance advertisements (Gitobu & Njoroge, 2015; Karanja, 2015). However, information on the relationships between advertisement and customer retention in the hotels is not clearly marked or lacking and may contribute to slower development of advertisement as a tool for increasing hotel business profits in Kenya. 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). Therefore the present study aimed at establishing the relationship between traditional advertisement and customer retention in conventional and budget hotels in Uasin Gishu County, Kenya.

Null Hypothesis: There is no significant relationship between traditional advertisements and customer retention in conventional and budget hotels

2. 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. Results and Discussion

Traditional Advertisement

The main aim of this study was to determine the relationship between traditional advertisement and customer retention in hotels. The results shows that 61 (29.8%) customers strongly agreed that newspapers as traditional advertisement was used in hotels, 95 (46.3%) agreed, 26 (12.7 %) Moderately agreed, 16 (7.8%) disagreed and 7(3.4%) strongly disagreed (see Table 2). The findings indicate that majority of hotels (88.8%) used newspapers in advertising while very few customer 11.2% disagreed that newspapers were used in advertisement. This implies that most hotels were using newspapers hoping that they will get customers with respect to this the fact that most hotels were located within an urban centre which was sprawling had reverted to newspapers.

The results further indicate that 50(24.4%) customers strongly agreed that television as a traditional mode of advertisement was used by hotels, 77(37.6%) agreed, 60(29.3%) moderately agreed, 15(7.3%) disagreed and 3(1.5%) strongly disagreed (see Table 2). These findings therefore show that the majority of the hotels (91.3%) used televisions in their advertisement. This fact may be attributed to the fact that most customers may be in possession of television sets. Besides, hotels are in cognizance of the fact that they may reach to a big urban populous through using television.

The study also found that 29(14.1%) customers strongly agreed that brochures as a traditional modes of advertisement was used by hotels, 57(27.8%) agreed, 46(22.4%) moderately agreed, 66 (32.2%) disagreed, 6(2.9%) strongly disagreed while 1(0.5%) did not have a response (see Table 4.3). Putting together strongly and agree together findings reveal that majority of respondents 41.9% agreed that the hotels use brochures. These findings suggest that indeed brochures were widely used.

In order to establish the usage of pamphlets as a traditional mode of advertisement, the respondents were asked to rate its usage. The results shows that 39 (19.0%) customers strongly agreed that pamphlets as traditional mode of advertisement was used by hotels, 40(19.5%) agreed, 35(17.1%) Moderately agreed on the other hand, 76(37.1%) disagreed, 9(4.4%) strongly disagreed whereas 6(2.9 %) customers did not respond (Table 2). It is worth noting that majority of the respondents agreed to the fact that pamphlets were widely used by most hotels in advertisement.

Further, attempts were made to find out the usage of magazines as a mode of traditional advertisement. It was found that 26 (12.7%) strongly agreed that magazines as a traditional mode of advertisement was used in advertisement, 51(24.9%) agreed, 93(45.4%) moderately agreed, 23(11.2%) disagreed, 11(5.4%) strongly disagreed while 1(0.5%) had no response (see Table 2). This indicates that is majority of the customers (83.0%) used magazines while a few 16.6% were of a different view that magazines were not used. This implies that many of these magazines are seen as aspiration, and the ads within their pages reflect the message of the magazine and the audience they are trying to reach. People who read them are supposed to elite in terms of lifestyle, they are aware of things like fashion trends, and they have a large disposable income. The advertising caters specifically to that audience, selling designer clothes, high performance cars, luxury living.

The research also sought to establish whether word of mouth was used to advertise. The results shows that 90(43.9%) customers strongly agreed that word of mouth was used in advertising 69(33.7%) agreed, 9(4.4%) moderately agreed, 21(10.2%) disagreed while 16(7.8%) strongly disagreed. These shows that majority of the hotels agreed that word of mouth was prominently used for advertisements. Thus, the preliminary indication is that word of mouth as a method of advertisement is an advertisement that appears to be commonly used in the hotels (see Table 2). Further information was sought to determine usage of bill boards as a traditional mode of advertising. From the findings, 73(35.6%) customers strongly agreed that Billboards were used in advertising, 92(44.9%) agreed, 16(7.8%) moderately agreed 12(5.9%) disagreed, 5 (2.4%) strongly disagreed whereas 7 (3.4%) didn't respond (Table 2). Billboards were widely used in advertising given the majority number of respondent agreeing 88.3%. This indicates that billboard advertisements are largely used and are designed to catch a person's attention and create a memorable impression very quickly, leaving the reader thinking about the advertisement.

While comparing the advertisements by traditional advertisement, it can be found that newspapers come at the top as it has the highest mean value of 4.07 (SD=1.01). It is followed by adverts of pamphlets with a mean of 2.86 (SD=1.30), brochures 2.83 (SD=1.13), magazines 2.69 (SD=1.01), television 2.24 (SD=0.95), word of mouth 2.09 (SD=1.29) and lastly radio with a mean of 1.75 (SD=0.72). It can be concluded that newspapers as a traditional mode of advertisement was popularly used because of the concepts and stories and is highly attractive to the customers in hotels. In other words, it can be explained that although advertisements help in building a good brand image, brand perception alone is not enough to motivate consumer to come to the hotel because of the services provided at the hotel use services provided by network providers. This indicates strongly to the fact that, most customers were using due to the fact that most hotels were located within urban centre which is sprawling had reverted to newspapers (see Table 2).

From the interview schedule conducted a manager pointed that newspaper are most used because "they are cheap and effective method of advertisement". Most of the managers said they used print for example newspaper, brochures, magazines and pamphlets. Some of them said that radio, TVs, word of mouth, landline phones as their main form of traditional advertisements in the hotels. A summary of traditional advertisement are as shown on table 2.

Table 2: Traditional Advertisements Used in Hotels

	Strongly agreed		Agreed		Undecided		Disagree		Strongly disagree		Mean
	F	%	F	%	F	%	F	%	F	%	
Newspapers	61	29.8	95	46.3	26	12.7	16	7.8	0	0	4.07
Radio	6	2.9	65	31.7	111	54.1	22	10.7	1	.5	1.75
Television	50	24.4	77	37.6	60	29.3	15	7.3	3	1.5	2.24
Brochures	29	14.1	57	27.8	46	22.4	66	32.2	6	2.9	2.83
Pamphlets	39	19.0	40	19.5	35	17.1	76	37.1	9	4.4	2.87
Magazines	26	12.7	51	24.9	94	45.9	23	11.2	11	5.4	2.69
Word of Mouth	90	43.9	69	33.7	9	4.4	21	10.2	16	7.8	2.09
Bill boards	73	35.6	92	44.9	23	11.2	12	5.9	5	2.4	2.39

Reasons for the Use of Traditional Advertisement

The respondents (customers) were asked to give their reasons why they think the hotels used the different traditional methods of advertisement which affect customer retention in hotels as shown in Table 3 Results show that majority of the customers 73 (35.6%) said that traditional modes of advertisement are easy to use and frequent and readily available, 30 (14.6%) said billboard, radio and use of word of mouth are easily available, 27 (13.2%) said they it is widely used that why they used traditional advisement, 26 (12.7%) were on the opinion that it was easy to use and available, 22 (10.7%) said it is cheap and efficient, 17 (8.3%) said it is reliable, 5 (2.4%) said that traditional modes of advertisement is believed by many.

From the interview schedule most of the managers said that billboards, radio and use of mouth are easily available and they are cheap and convenient while others said they are old fashioned and outdated. One of the manager said that “Ads in local newspapers containing web site address can be an inexpensive way to build up knowledge of web site in a community”. The findings indicate that the reason why they used traditional advertisement is because that are easy to use and are readily available and because it is cheap compared to other modes of advertisement and it is easily available as shown in Table 3.

Table 3: Reasons for the Use of Traditional Advertisement

Reasons	Frequency	Percent
Billboard, radio and use word of mouth are easily available	30	14.6
Believed by many	5	2.4
Its used widely	27	13.2
Easy to use and readily available	73	35.6
Convenient	26	12.7
Cheap and efficient	22	10.7
Reliable	17	8.3
Total	205	100.0

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 (see Table 4).

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 4: Customer Retention

		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

Hypotheses Testing

The study investigated linear relationship between variables using Pearson correlational test. The correlation results showed that the use of traditional advertisements was weakly correlated to customer retention ($r=0.130$, $p=0.063$). Traditional advertisements had 6.3% positive relationship with customer retention. This shows that traditional advertisements have insignificant impact on customer retention in the hospitality industry.

The findings are in agreement with Eastlack and Rao (2009) who pointed out that advertisements may appear in many forms, including newspaper and magazine ads, radio and television commercials, direct mail campaigns, and various other forms. With the emergence of brand recognition as a key factor in marketing and advertising, companies have entered into multi-billion dollar contracts with advertising firms to promote their products and services.

These efforts have led to products becoming integral aspects of popular culture (Eastlack, and Rao, 2009). The function of advertising companies is to professionally promote individual businesses and organizations. Advertising is the process of persuading potential customers to buy products or avail of services being offered to them. The process of advertising involves a variety of strategies. Effective and continuous advertising is one of the most important functions of any successful business. It is imperative that the products or services of any business receive the proper exposure, and the way to achieve exposure is through advertising. Whether it is on the national or local level, advertising campaigns are necessary to let people know about a business and its products. The goal of marketing is to target the segment of a population who has a special need for a particular product or service and finding ways to provide that product or service in the most effective means possible (Eastlack, and Rao, 2009).

4. Conclusion and Recommendations

4.1 Conclusion

Based on the findings, the study concluded that traditional modes of advertisements have a relationship with customer retention specifically newspapers, radios and also TV. Majority of the respondents believed advertisement has been successful in maintaining and retaining the customers over the time. The picture drawn after the analysis is that the majority of the people in the market are loyal customers

which show the satisfaction level they have managed to build for the choices they had made. The means of advertising have been divided into billboards, newspaper, television and many more.

4.2 Recommendations

Based on the foregoing discussion of the findings and conclusions, the study recommends that the hotel managers should use publicity in conjunction with other activities such as word of mouth endorsements to improve their image with potential customers. Hotels should embrace the new-age advertising methods as a result of the advent of the Internet rather than using traditional forms of advertisement.

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