

**EFFECT OF INTERNET BASED COMMUNICATION TOOLS AND THE  
RELATIONSHIP BETWEEN CONSUMERS CENTRIC MARKETING PRACTICES  
ON CONSUMER SATISFACTION FOR THE HOTELS IN RWANDA. CASE STUDY  
OF 2 AND 3 STAR HOTELS AND 4 AND 5 STAR HOTELS CATEGORIES IN  
KIGALI**

**Joseph Oduor<sup>1</sup>, Fred Mugambi<sup>2</sup> and Christine Murugi Muriithi<sup>1</sup>**

<sup>1</sup>Jomo Kenyatta University of Agriculture and Technology, Kigali Rwandam, P.O BOX 3373  
Kigali Rwanda

<sup>2</sup>Jomo Kenyatta University of Agriculture and Technology, Mombasa Kenya

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**ABSTRACT:** *The main purpose of this research project to evaluate effect of internet based communication tools and the relationship between consumer centric marketing practices on customer satisfaction for the hotels in Rwanda. Rwanda hospitality industry is becoming competitive with hotels investments increasing even from the world top brands like Marriots entering the market. Due to this, the existing hotels have to step up their approach of business operation and advance from Customer relationship management to consumer centric marketing (CCM) if they have to measure up for the intense competition and improve their performance. To achieve this, the researcher focused on finding out whether Internet-based communication tools with their individual consumers help in achieving customer satisfaction and extent to which this influences the hotel performance and to determine if there is significant relationship between CCM practices and general performance of the two hotels categories in Kigali. The research design was descriptive and target population of 958 respondents from which a sample of 282 respondents was got. A simple random and convenient sampling technique was used for employees and customers respectively. Data was collected using open and closed ended questionnaires. Collected data was then coded and put in statistical package for social sciences (SPSS) spreadsheet and computed for both descriptive and inferential statistics. The results indicated that consumer centric marketing practices was more practiced in 4 and 5 star hotels as compared to 2 and 3 star hotels. However in both, there were diverse opinions on the practices which showed that the practice is not uniform in all departments sampled. Also there was a positive significant relationship between CCM practices and general hotel performance ( $p < 0.05$ ).*

**KEYWORDS:** Consumer Centric Marketing, Customer Relationship Management, Internet Based Tools.

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## **INTRODUCTION**

To survive in the global markets, focusing on the customer is becoming a key factor for all businesses. It is known that it takes up to five times more money to acquire a new customer than to get an existing customer to make a new purchase. Hence, customer retention is particularly important for organizations today. To make this happen, the firms need the relevant, adequate and timely information about the different facets of their customers to be able to customize the products and services to respond to their specific needs. To meet this challenge the companies have started to incorporate technology in their business processes that has given birth to a new concept of Customer centric marketing (CCM).

In such competitive markets, the most important asset that a company possesses is its customers because the ultimate measure of its success in the market is determined by what the customers think about its products and services offered, and the people who represent the company (Sahaf, Qureshi and Khan, 2011). As Drucker said, “that first task of a business is creating customers” (Kantrow, 2009). However, keeping the customer has become regarded as equally, if not more important, since Dawkins, (1990) reported that a 5 per cent increase in customer retention generated an increase in customer net present value of between 25 per cent and 95 per cent across a wide range of business environments.

Therefore, every company aims to create market offering capable of meeting the customer needs and expectations better than its competitors with an ultimate goal of creating a positive customer experience, building customer loyalty and ultimately contributing to the profitability of enterprises.

To win customers and encourage them to stay loyal or repurchase the service, the hotels should work to meet and satisfy customer needs by not being only reactive but proactive. The hotels should optimize communications with their customers to ensure profitable long-term relationships. It is to a hotel’s interest to engage in CCM activities, which include understanding customer requirements and expectations; delivering of services, which create value for the customer, and managing customer lifecycle effectively and efficiently. The survival of the hotels is now dependent on offering high service quality to ensure customer satisfaction, customer loyalty and retention which will lead to good performance.

The competition is also intensified with the entry of Rwanda into the East Africa Community. On average 25% of tourists experienced bad customer experience during their stay in Rwanda. Rwandan customer service is also seen as the worst in the East African region, which comprises of Burundi, Uganda, Tanzania and Kenya. The most cited problems being unhelpfulness/inattentiveness, slowness and rudeness of the service providers, Rwandan cultural norm against complaining and the organizational cultures do not seem to encourage a focus on hard work (Lwakabamba, 2009). The service situation is not very different today which puts the Rwanda hotel industry at a disadvantage in the East Africa Community.

### **Problem statement**

Globalization, increased Sophistication of consumers and advances in information and communication technology, has led to increased competition, greater customer choice and erosion of customer loyalty (Kandampully, 2001). To survive in the global markets, focusing on the customer is becoming a key factor for all businesses. The existing hotels have to protect their existing market share if their long- term survival is to be ensured. This can be achieved by the hotels creating long-term relationships with the customers through effective use of internet based tools and consumer centric marketing (CCM) strategies such as permitting consumers to customize their own products to their personal needs and requirements using electronic tools, personalizing communications to each consumer and marketing to each individual buyer.

The decade has seen the emergence of customer relationship management (CRM) as technique to underpin organizational performance improvement in customer retention, customer satisfaction and customer value. However, evidence suggests that many CRM initiatives fail. Suggests that CRM does not go far enough in changing the underlying culture and systems of the organization. What is needed is internet based tools and consumer centric marketing, where

by all business processes and individuals are focused on identifying and meeting the needs of customer using appropriate technology. The study aims at evaluating the effect of internet based communication tools and the relationship between consumer centric marketing practices on customer satisfaction for the hotels in Rwanda.

## **Research objectives**

### **General objective**

The study aims at evaluating the effects of consumer centric marketing in Rwandan hotels and how this influences their performance.

### **Specific objectives**

- i. To examine whether Internet-based communication tools with their individual consumers help in achieving customer satisfaction and extent to which this influences the hotels performance.
- ii. To determine if there is significant relationship between CCM practices and general performance of the selected hotels.

### **Research questions**

- i. Do the Internet-based communication tools with their individual consumers help in achieving customer satisfaction and to which extent does this influence the hotels performance?
- ii. Is there a significant relationship between CCM practices and general performance of the selected hotels?

### **Research design**

For this research descriptive research design was used. This helped in describing the nature of CCM practices in the selected hotels and how it affects performance.

### **Target population**

The researcher only targeted the departmental head, supervisors and staffs who have direct contacts with the customers on most occasions from the two and three star categories and, four and five star hotels in Kigali. Thus the targeted staffs were sales & marketing, front office, Restaurant and bar and banqueting staff. Also the target customers were got from an assumption of occupancy rate of 60% on a daily basis bringing the customers to be 330 and 297 employees

### **Sample design**

In the 2 category sets of selected hotels a total of 112 employees and an average of 132 guests on daily basis in these hotels was used. From a population of 627 (both employees and customers) a sample of 244 was used. The following Yamane formula (1967) was used to calculate the sample size.

## **Sampling techniques**

For the case of employees, simple random sampling techniques was applied to select the employees in the departments directly involved in the implementation of CCM. These include; sales & marketing, IT, front office, Restaurant/bar and banqueting departments were considered. These form the key customer touch points with IT departments providing support service. The departments were adequately represented in the sample and the respondents from these departments selected randomly. For the customers, convenience sampling was used where the customers readily available and willing to participate were considered.

## **DATA COLLECTION**

### **Data collection instruments**

#### **Primary data**

Mainly primary data was collected as no specific data exists on CCM in Rwanda hotels. Two different questionnaires were used, one to the customers and the other for the employees. The questionnaire to the customers was used to obtain information on customer value delivered by the hotel and business performance possibilities. On the other hand, the questionnaire to the employees was seeking to obtain data on CCM practices.

#### **Data analysis**

The data collected with the use of questionnaire was then be analyzed by use of both descriptive and inferential statistics. Descriptive statistics involves description of data using statistics such as means and standard deviations. Inferential statistics included using Chi square for significance as well as t-tests for relationship purposes. Statistical Package for Social Sciences (SPSS) version 16.0 was used for the data analysis.

## **RESEARCH FINDINGS AND DISCUSSIONS**

### **Employees responses on CCM Practices in the Two Hotel Categories**

#### **Employees responses in 4 and 5 star hotels**

#### **Table 1 Employees perspective on IT based tools in 4 and 5 star hotels**

<b>IT based tools</b>	<b>Mean</b>	<b>Std. Deviation</b>
Organization has a software that enables storing and sharing customer information across departments	1.8214	.71623
Organization has the right software to help integrate sales, marketing and customer relationship functions	1.8571	.58554
Organization has well designed we-based applications to market and service customers	2.0357	.63143
Organization has IT applications for automated service processes for satisfactory and fasten responses to customers	1.9286	.53452
<b>Accrued mean</b>	<b>1.9107</b>	<b>.6169</b>

The results of Table 4.7 above indicate that the rating of 4 and 5 star hotels in having IT infrastructure to help in collecting and sharing relevant customer data is average ( $\mu=1.91$ ) according to the scale used. The possession of the IT platforms in the 4 & 5 star hotels is a major ingredient in the success of CCM strategy in the hotels. This makes it easier for the hotels to capture customer data, process it into marketing information and provide high class customized services to the customers and achieve high levels of customer satisfaction. The mean standard deviation (0.617) was higher than 0.5 indicating lack of homogeneity in the responses.

According to Ada et al. (2010) having the right technological tools will certainly assist the hotel manager in managing the CCM program more effectively. Yim, Anderson and Swaminathan (2005) also asserts that with appropriate CRM technology for data collection and distribution, firms will be in the position to enhance prospect, improve communication and sales presentations, and be able to customize their product configurations.

**Table 2 Employees perception on IT based tools in 2 and 3 star hotels**

<b>IT based tools</b>	<b>Mean</b>	<b>Std. Deviation</b>
Organization has a software that enables storing and sharing customer information across departments	2.3571	.77292
Organization has the right software to help integrate sales, marketing and customer relationship functions	3.6429	.94250
Organization has IT applications for automated service processes for satisfactory and fasten responses to customers	2.9357	.71260
<b>Accrued mean</b>	<b>2.812</b>	<b>0.809</b>

Source: Researcher constructed table (2015)

Table 4.11 above looked at employees' perceptions on 2 and 3 star hotels, having the necessary IT infrastructure to collect, store, and share important customer information for successful implementation of CCM.

**One-Sample Test (2 and 3 stars hotel)**

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ORIENTATION	24.173	65	.000	4.60606	4.2255	4.9866
PROCESSES	31.815	65	.000	8.09091	7.5830	8.5988
EMPLOYEE KNOWLEDGE	24.080	65	.000	6.06061	5.5580	6.5633

The results indicate that in general the IT infrastructure is weak ( $\mu=2.812$ ) however there was a diverse views on this response with a standard deviation of 0.854 an indication that it may not be the case in all departments.

Also most respondents ( $\mu=3.6429$ ) felt that their hotel didn't have the right software to help integrate sales, marketing and customer relationship functions. This shows that although employees in 2 and 3 star hotels felt that their hotel had a software enabling their functions, they had no right software which is critical to the dynamic hospitality industry.

Basing on Zikmund et al, (2003) argument that customer information analysis to recognize hidden models in their purchase behaviors' and habits and understanding their needs and desires is so important for a business, then having the right software to perform these activities is very important. This argument is also supported by Lindgreen et al, (2006) who emphasizes on the need for efficient IT infrastructure for successful CCM process.

**Relationship between CCM Practices and Hotel performance**

The fifth research question looked at the relationship between CRM practices among theselected hotels as perceived by customers and customer retention. The data were analyzed using Pearson Product moment correlation to determine if there was a significant relationship between CRM practices across the three hotel categories and customer retention.

**Table 3 T-test for significant levels****One-Sample Test (4 and 5 star hotels)**

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ORIENTATION	14.090	65	.000	2.06061	1.7685	2.3527
PROCESSES	24.507	65	.000	4.81818	4.4255	5.2108
EMPLOYEE KNOWLEDGE	17.103	65	.000	1.90909	1.6862	2.1320

Source: Researcher constructed table (2015)

**Table 4 T-test for 2 and 3 star hotels**

Table 4.22 and 4.23 above indicates a one-sample t-test for significant relationship between customer orientations, service processes and employees knowledge on CCM strategies in the hotels. Results indicates that for the three indicators of Customer-centric marketing, the P-Values are less than 0.05 significance level ( $P=0.000$ ). Hence, indicating that there is a significant positive relationship between Hotel performance and CCM practices as perceived by customer in the two categories of hotels in Kigali.

The findings are in line with those of Stone et al, (2000) who acknowledges that CCM allows firms to develop a robust marketing and enquiry management processes and this help boost businesses significantly. CCM improves customer retention and loyalty – customer stays longer, buys and buys more often, thus increasing their long term value to the business. Swift, (2000) also states that the main goal of CRM is to ensure customer value and retention. It is important to note that CCM provides a good platform to continually monitor the changing customer needs and expectations and hence customize products and services to consistently meet the needs with aim of retaining the customers.

The hotels should thus focus on effectively implementing the CCM practices if they are to ensure high levels of customer retention which will consequently boost performance. This will enable the hotels maintain their existing market share and make it easier to grow this market share as they acquire more new customers resulting from positive recommendation.

**CONCLUSIONS AND RECOMMENDATIONS****Conclusion**

In relation to differences in CCM practices across the two hotel categories it was noted there was a significant difference between 4 and 5 star hotel category and 2 and 3 hotel categories. However, significance difference in these two hotel categories was noted in regard to IT infrastructure according to employees and no significant difference at all between the two categories according to the customers.

Finally, in regard to relationship between CCM practices and Hotel performance it was concluded that there is a moderate and positive relationship between CCM practices and Hotel performance as perceived by customer across the two hotel categories. Thus need for hotels to ensure effective CCM practices to increase their Performance levels.

**Recommendations**

1. The top management across the hotels categories should also provide IT platforms to be able to share customer information across customer contact points such as marketing desk, sales desk and customer relations desk among others. This would go a long way to ensure uniform service across hotel departments.
2. Particularly for 3 and 2 star hotels more investment in IT infrastructure is needed and update software to be able to collect, store, analyze and share customer information across hotel departments for improved service delivery.

### Areas of Further Research

The following are suggested areas of further study:

1. The study could be extended to investigate the factors behind the success of non classified hotels and whether CCM practices could be incorporated in their processes and the impact it would have.
2. A more in depth study by use of interviews after using questionnaires to be able to get a deeper understanding of the variations in responses or perceptions of the respondents on the CCM practices and customer retention.

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