MARKETING ACTIVITIES EXPENDITURE AND PERFORMANCE OF SELECTED HOTELS IN KIAMBU COUNTY, KENYA

BY

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November, 2017
DECLARATION

DECLARATION BY STUDENT

This research project is my original work and has not been submitted for a degree course or any other award in any other University.

Sign _______________________                          Date _________________________

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D53/PT/28913/2014

DECLARATION BY SUPERVISOR

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

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DEDICATION

This work is dedicated to my family with special mention to my husband Shem Gikonyo for his financial and moral support.
ACKNOWLEDGEMENT

Great appreciation and acknowledgement goes to my supervisor for his commitment and insights in shaping this research work as well as my classmate the 2014 cohort at Kenyatta University.
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>BPO</td>
<td>Business Process Outsourcing</td>
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<td>CR</td>
<td>Concentration Ratio</td>
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<td>CRM</td>
<td>Customer Relationship Management</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HPWP</td>
<td>High-performance work practices</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<td>MBO</td>
<td>Management by Objectives</td>
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<td>MIS</td>
<td>Management Information Systems</td>
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<td>RBV</td>
<td>Resource Based View</td>
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**OPERATIONAL DEFINITION OF TERMS**

<table>
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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td><strong>Customer Relationship Management:</strong></td>
<td>Entails the handling and sustenance of ideal relations among the hoteliers and customers in Kiambu County.</td>
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<tr>
<td><strong>Investment in marketing activities:</strong></td>
<td>entails the different measures taken to diverge the resources of the hotels to increase their output.</td>
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<td><strong>Market Research:</strong></td>
<td>Refers to a survey and investigations by product and service providers to understand the needs of the customers among hotel industry in Kiambu County.</td>
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<td><strong>Marketing Consultancies:</strong></td>
<td>Refers to the outsourcing services engaged by hoteliers in relation to understanding specific needs of their hotel industry in Kiambu County.</td>
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<td><strong>Promotions:</strong></td>
<td>Refers to marketing strategy used to advance for services and products offered by hotels in Kiambu County</td>
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<td><strong>Performance of hotels:</strong></td>
<td>Refers to the increase of the assets, liquidity and customer satisfaction of the hotels in Kiambu County.</td>
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<td><strong>5 star hotels</strong></td>
<td>Properties that typify luxury across all areas of operation. Guests will enjoy an extensive range of facilities and comprehensive or highly personalised services. Properties at this level will display excellent design quality and attention to detail.</td>
</tr>
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4 star hotels

Properties which achieve a deluxe guest experience. A wide range of facilities and superior design qualities are typically complemented by service standards that reflect the varied and discerning needs of the guest.

3 star hotels

Properties that deliver a broad range of amenities that exceed above-average accommodation needs. Good quality service, design and physical attributes are typically fit for purpose to match guest expectation.
The study investigated the effects of expenditure on marketing activities on performance of hotels in Kiambu County. The general objective was to investigate the effect of investment in marketing activities and performance of hotels in Kiambu County. The study specific objectives were: to determine the effects of expenditure on promotions on performance of hotels in Kiambu County, to assess the effects of expenditure on market research on performance of hotels in Kiambu County, to examine the effects of expenditure on customer management on performance of hotels in Kiambu County and to evaluate the effects of expenditure on marketing consultancies on performance of hotels in Kiambu County. Performance of hotels was measured using the indicators of financial performance, holding capacity and number of customers. The study was guided by the theories of Research Resource Based View Theory, Relationship Marketing Theory and Market Orientation Theory. The study adopted descriptive research design. The target population for this study was 3star, 4 star and 5 star hotels in Kiambu County. Sampling was done using stratified random sampling technique to come up with a size of 45 respondents. Data was collected using questionnaires deployed using drop and pick method. Data was analyzed using the descriptive techniques and inferential techniques using multiple regression analysis. The analyzed data was presented in the form of frequency tables and graphs. Multiple regression analysis was used to establish the exact strength and influence of each of the independent variables on the dependent variable and inform the recommendations of the report. The findings of the study revealed that expenditure on marketing activities. How a significant positive effect on the performance of hotels. Expenditure on promotional activities had the greatest effect on the performance of hotels (30.9%). followed by expenditure in market research (28.6%) and then investment in customer relationship management was third (26.3%) expenditure on consultants in marketing had the least effects on performance of hotel at (14.2%). The study recommended that hotels should fund marketing activities proportionate to the effects on performance after evaluating them.
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study
The hospitality industry and hotels in particular play an important role in the economy and livelihood of the people in their locality. According to Wadongo, Odhuno, Kambona, and Othuon (2010), the Hospitality industry made a significant contribution for the economic development of the Country. It is also becoming source of job opportunities for many people. Wadogo et al. (2010) argued that the World Travel and Tourism Council (2006) explained that Hospitality industry in Kenya contributed 509,000 jobs in 2007 and forecast that the industry will contribute 628,000 jobs in 2017. This steady growth in the sector shows that it is contributing a lot for the general economic development of the Country. One of the industries in the Hospitality sector is Hotel industry. It is part of Hospitality sector which includes 5-star, 4-star, 3-star, 2-star, 1 star and other Hotels.

Marketing has become an imperative for all businesses including hotels. The main reason for the marketing in the hotel business is because of the growth in the number of guests who are in need of accommodation and the increase in competitions by the accommodation service providers. Moreover, the hotel industry is becoming a more and more mature market whereby the competition is increasing globally and winning customers becomes a problem. Therefore, there is a huge shift to marketing. (Cooper et al. 2008). There are more reasons for aggressive marketing by hotels in the last one decade in Kenya. That is to attract the emerging market of green consumers, as well as adhere to the strict rules that are being enforced by the government bodies, hotels are largely adopting to marketing practices (Mensah, 2004).

Hotels and the hospitality industry in general are closely intertwined with other critical sectors of the economy both in growth and influence on the economy. Hospitality sector is a service-giving sector, which evolved in line with the coming of transportation industry and start of trading, (Kamau & Waudo, 2012). According to Ottenbacher, Harrington and Parsa (2009), it includes Lodging (Hotels, Motels) Foodservice (Restaurants, Caterings), Leisure (Vacations, Parks, Sightseeing, and Hiking), Conventions (Meetings, Trade
Shows), Travel (pleasure, business) and attractions (fairs, gatherings, shows). Hospitality industry is labor-intensive service giving economic sector and gives job opportunities for millions of people.

The role of marketing in businesses and investment in marketing activities has been hailed by many. Kotler (2009) argues that selling products and services to a company is fundamentally different than selling to individuals. According to Keegan, (2003) marketing integrates an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. In order for firms to be competitive and remain in business, their products, prices and promotional activities must be satisfactory and offer as good a value as most rivals and industry leaders (Mujtaba & McFarlane, 2007).

Marketing and investment in marketing is particularly vital for hotels in Kenya in the wake of tremendous increment in the number of high cost hotels including the significant investment by foreigners in the business in the recent past in Kenya. According to the Kenya Investment Authority (2013), competition in the hotel sector is set to go a notch higher as international brands set up shop in Kenya in their bid to get a share of the middle to high income earners market segment. Several other global brands have set up base in the country in the past few years. The tourism industry has been one of the most important drivers behind Kenya's economic development over recent decades by reducing unemployment, raising national GDP and improving the country's balance of payments. Tourism is Kenya's third largest foreign exchange earner after tea and horticulture, and a major employer, accounting for about 12% of the total wage employment and 13.7% of the gross domestic product (National Tourism Strategy, 2013).

1.1.1 Performance of Hotels
Performance is a multidimensional concept with diverse definition and indicators of measurement. Performance is the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is the final achievement of an organization which is measured either in financial and non-financial indicators, and contains a number of parameters, such as the existence of certain targets are achieved, has a period of time in achieving the targets and the realization of efficiency and effectiveness (Gibson et al., 2010). Company performance can also be used
to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other organizations in the same industry. Performance is a complex and dynamic concept which has been conceptualized in two ways namely the drivers of performance and the results of performance (Olsen, 2008). Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share.

Likewise performance is affected by a number of factors as evidenced by empirical literature. Ongori, Iravo& Munene (2013) on factors affecting performance of hotels and restaurants in Kenya: a case of Kisii County. Based on interpretation and findings from the study it can be concluded that factors for successful and sustainable performance of hotels and restaurants relies on top management ability to strategically analyze both external and internal environment and plan for strategic service offerings. Customer’s perception of quality service is influenced by the nature and size of facilities, the people delivering the services and relative location of organization in terms of accessibility, security, parking space and general surroundings. In this study, even though all hotels have missions and objectives, they are not understood or known to the employees and therefore, managers needs to clearly spell out the mission statement and shared values to all the stakeholders and especially the employees. They should choose the right people with the right skills, attitude and knowledge to engage in the strategic planning process.

To measure the performance of hotel organizations, traditional measures such as financial statements have been valued as an important control tool (Brander Brown and Atkinson, 2001). In these traditional measures, the tangible resources are usually well detailed since they meet the standards such as the accurate determination of historical costs and the flow of benefits to the company (Zambon, 2002). Considering the constraints and weaknesses of the traditional performance measurement systems, studies have been turning their focus towards developing integrated methods that would capture the non-financial facets of performance.

Hospitality organizations are turning to performance measurement and management in order to qualify for the International Organization for Standardization standard certifications. General business pressures, the achievement of the coveted five-star rating
and membership to international hotel associations have created the need for effective key performance indicators. Furthermore, organizations that have already implemented the balanced scorecard performance measurement system have shown much better results (Waal, 2007). A study conducted by O’Neil and Carlback (2011) on comparing the performance of branded and independent hotels during different economic cycles, the researchers concluded that brand matters, and more so when times are bad. This is because brands may reduce the volatility of the business and present a less risky investment. In addition, the researchers found that brand also matters as a driver of the business value itself, as brand name generate intangible asset value to the hotel.

Performance may be measured by both quantitative and qualitative methods. This study used financial measures such as profits and non-financial measures such as company image, market share, service quality as well as customer and employee turnover. Richard et. al., (2009) states that non-financial measures are better performance indicators in the service industry than financial measures. This is because non-financial measures are better measures of value and motivation which complement short-run financial figures as indicators of long-term goals. Performance is regarded as an output which is aligned to objectives or simply profitability and is explained in terms of expected behavioural output and also results.

Fwaya (2006) asserts that the only worthy performance measure is financial performance because of its value to shareholders, executives and the market. This measure is an indicator of organizational success and sustainability because it is the reason for the existence of firms. The financial success of an organization is a measure of a firm’s performance because it depicts the ability of an organization to operate above all its costs. Wadongo, et. al., (2010) states that a firm’s performance should not be measured by financial performance but also operational and market indicators. Financial Performance for this research will be measured using profitability and growth in sales while non-financial indicators will be service quality and customer satisfaction. Non-financial measures have been deemed to be more effective in motivating managerial performance because they are more reflective of the overall corporate strategy (Galeticet.al., 2007). The hotel industry is a service sector with inseparable products which demand for different
methods of measurement (Enz, 2008). A hotel is obliged to not only deliver services and products but also to increase customer satisfaction by providing quality and hence improvement of profits (Ramsaran-Powdar, 2007). Previous studies on hotel industry have indicated that customer satisfaction influences hotels competitive advantage and performance (Kerin, Hartley & Rudelius, 2009).

Despite the development of performance measurement systems in the hospitality industry, various researchers (Atkinson and Brander-Brown, 2001; Harris and Mongiello, 2001) have pointed to the reluctance of the hospitality industry to use balanced measures and rely solely on financial measures. de Waal (2007) contends that overall lack of management skills and expertise often makes organizations in developing countries to concentrate more on introducing and copying performance measurement systems from the Western world, which are not always the best suited to local circumstances.

Nganga (2013) found out that companies in hotel services place heavy emphasis on the use of financial measures although they are historical by nature. The role of non-financial indicators, such as customer satisfaction, quality assurance, productivity, employee development etc. becomes important as they determine the competitiveness of a business as well as its ability to sustain profitability in the future. Incorporation of non-financial indicators in performance measurement process is crucial particularly in the face of intense competition, shorter product (service) life cycle and rapid advances in technology, which characterize the contemporary business. Also, the changes in performance measurement practices should incorporate the changes in business environment and environmental variables in Kenyan hotel industry.

Various studies have been conducted trying to establish the relationship that exists between marketing strategies and performance of organizations. To begin with, the study by Zott & Amit (2007) examined the fit between a firm’s product market strategy and its business model. The study manually collected dataset and found that novelty-centered business models—coupled with product market strategies that emphasize differentiation, cost leadership, or early market entry—can enhance firm performance. Data suggested that business model and product market strategy are complements, not substitutes. The study
was however limited in addressing how business models evolve and in particular how they co-evolve with the product market strategy of the firm. Njeri et al., (2015) investigated the marketing strategies and competitiveness of four and five star hotels in Kenya. A comprehensive view of the marketing strategies of the hotels was provided by mapping out the place, product, pricing, people and promotion strategies.

1.1.2 Marketing Activities Expenditures

Marketing, by its very definition, takes a utilitarian approach to social responsibility, placing more emphasis on maximizing the wealth of shareholders and owners (Kärnä et al., 2003). To many, marketing epitomizes greed and is responsible for impacts arising from over-consumption and overdevelopment, grounded in short-term personal benefits rather than social welfare and quality of life. It is over-zealous marketing by tourism organizations not acknowledging the tragedy of the commons that has attracted mass tourism to eco-sensitive destinations, bringing with it many visible impacts on the social and natural environments (Batra, 2006; Dinan and Sargeant, 2000).

Yoo, Donthu and Lee (2000) indicate marketing activities such as price, slogans, symbols, packaging, company image, country of origin; store image, advertising expenditures, and promotional events have important influence on the brand equity and purchase intention. High brand equity levels lead to higher consumer preferences and purchase intentions (Zeithmal, 1998: Cheng and Chang 2004). Firms with high brand equity usually have good performance (Pappu, Quester and Cooksey, 2005).

Zeithaml and Bitner (2000) warned that the product or hotel service should be developed with the help of marketing so that they can together cause a desire to be purchased and consumed by the customer, while the marketing techniques giving a helping hand in designing and implementing a strategy to achieve the market to ensure a greater number of customers, sales and results. The contribution of marketing techniques allowed the hotels go to apply communication techniques that broadcast messages to customers and the market with information about all products and services available, while the various actions of external communication could be developed to increase engagement with the client and ensure the conditions necessary for the satisfaction and loyalty (Rublescki, 2009). To reinforce the idea, in addition to the actions of external communication, interests
highlight the importance of internal communication actions with regard to motivation and engagement of employees with the hotel, increasing their productivity and motivation to provide high quality service to customers.

Many of the developments in services marketing are fairly recent. The factors affecting the developments within services marketing are organization size and structure, regulatory bodies, growth in service industries, characteristics of services, customer/employee interaction, and specific service sectors (Daniell, 2006). Services marketing are the process of researching and promoting to a market with non–physical goods known as services (Hausman, 2003). Chimhanzi and Morgan (2005) findings indicate that firms devoting attention to the alignment of marketing and human resources are able to realize significantly greater successes in their strategy implementation. Specifically, these findings imply that marketing managers should seek to improve the relationship with their HR colleagues by emphasizing two of the process-based dimensions: joint reward systems and written communication.

Promotion communicates with the potential market so as to persuade the prospective customers to try a new insurance product (Periasamy, 2005). The promotional mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. Market communication performs three basic roles in marketing to inform, to persuade, and to remind (Coviello, et al, 2000). Traditional promotion employs a variety of methods including advertising, sales promotion, public relation, and personal selling to attract the attention of existing and potential customers, and to inform them of the products, services, and special offers made available by the firm. Each of the categories of promotion mix has now become familiar in many areas of services marketing. In case of life insurance services, promotion is done through a mix of advertising, personal selling, and sales promotion.

According to Dawn et al (2011) and Churchill et al, (2005), marketing research process has six steps. We start by formulating the problem, then determine the research design, then design the data collection method and forms, design the sample and collect the data, analyze and interpret the data, and finally prepare research report. The first step is formulation of the problem consists of three areas. The first one provides an overview of
marketing research. Then the second area provides an overview of the various ways of gathering marketing intelligence, and lastly overview of the research process in terms of the kinds of decision to be made at each stage and then discusses in greater detail the problem formulation stage of the research process (Churchhill et al, 2011). Determine the research design is the second step of the marketing research process. It consists of three sections and deals with the nature of the research design. It emphasizes ensuring that the research addresses the appropriate questions and treats them in an efficient manner (Churchhill et al, 2011).

Minal and Kasim (2009) state that CRM improves hotel performance through engaging profitability customers in long term relationships in order to improve profits. CRM if applied will attracts new customers in the hotel industry which is facing a lot of competition which requires that they differentiate their customers (Piccoli, O’connor, Capaccioli, and Alvarez, 2008). Hotels like other organizations need to assess users satisfaction levels towards their service so that they can use the feedback to make positive adjustments to their products and services. Iravoet. al., (2013) states that dissatisfied customers will be disloyal to the organization and will talk about their bad experience to other customers. In this research, CRM is viewed as a strategy for driving customer loyalty and improving hotels performance.

1.1.3 Hotels in Kiambu County

All the categories of hotels are in Kiambu County. These include; vacation hotels, town hotels and lodges into five classes denoted by stars, five being the highest and one as the lowest. This study however intends to focus on the classification of hotels as given by the Local Authority of County Government of Kiambu. Its classification involves high standard lodging hotels with restaurants, butcheries and bars/membership clubs. It also includes eating house hotels which is the focus of this study. Ngandu (2014) found out that the rapid growth of new hotels in Kiambu County has encountered some challenges. The availability of skilled staff has been on decline with hardly any. Hotels have increased high staff turnover rate that has become day to day challenge. Security is also a major challenge and terrorism alerts which have been witnessed in the country over the last one year have adversely been of continuous concern. This has resulted in a fall in revenue generated from
international tourism, thus affecting the hotels and causing a drop that has been felt not only on hotels in Kiambu County but also by various business partners and environs. Hotels in Kiambu County are working around the clock to provide a safe environment for its staff and customers.

Ongori, Iravo, & Munene (2013) on factors affecting performance of hotels and restaurants in Kenya: a case of Kisii County) concluded that factors for successful and sustainable performance of hotels and restaurants relies on top management ability to strategically analyze both external and internal environment and plan for strategic service offerings. Customer’s perception of quality service is influenced by the nature and size of facilities, the people delivering the services and relative location of organization in terms of accessibility, security, parking space and general surroundings. In this study, even though all hotels have missions and objectives, they are not understood or known to the employees and therefore, managers needs to clearly spell out the mission statement and shared values to all the stakeholders and especially the employees. They should choose the right people with the right skills, attitude and knowledge to engage in the strategic planning process.

1.2 Statement of the Problem

Hotels in Kiambu including the big accredited hotels continue to post mixed and confounding performance especially in profitability with very profitable hotels just next to a struggling hotel of the same capacity and resources, the number of customers they attract as compared to their capacity, their staying power as a running entity with most changing ownership frequently yet others remaining stable and profitable for a very long time. These mixed fortunes on performance posted by hotels in Kiambu county is the societal and contextual challenge that made this study necessary. Studies done on hotels in Kiambu County have not satisfactorily explained this strange phenomenon. For instance, Najib (2016) found that hotels in Kiambu has been seen to deteriorate in the past few years with some even closing without offering the informing reasons apart from competition and macro-economic environment.

Studies explaining disparities in performance of hotels in Kenya are mostly general in nature and fail to capture the localized nuances and internal operational issues that inform disparity in performance. For example, Kamau (2008) attributed the changes in
performance of hotels to: competition for resources, skilled labour and market share, socio-cultural changes, technological changes, economic challenges, changes in Customers’ expectation. Oduhno&Kambona (2010) looked into the key performance indicators in the Kenyan hospitality industry and found that hospitality managers in Kenya are still focusing on financial and result measures of performance while ignoring non-financial and determinant measures. This study also found out that hotels scarcely invest substantially on activities that didn’t fetch quick returns. This study will assess if expenditure on marketing activities are classified as such by hotels in Kiambu County.

Invariably, research into performance of hotels and marketing, both locally and abroad seem to shy away from addressing the effects of funding of marketing activities. For example, Melia (2011) studied the Critical Success Factors and Performance Management and Measurement of the hospitality sector in Ireland and failed to include expenditure on marketing activities in the mix. So, neglected in empirical studies that expenditures on marketing activities are not included on either in setting targets, performance appraisal of marketing staff or service quality studies. For example Sandt& Hoffmann (2012) studied the impact of performance measurement in a service industries focusing on a British Luxury hotels without an item on expenditure while Lacle’ (2013) studied the management perception of service quality in the hospitality industry and concluded that that effectively managing service quality starts with having the right perception of service quality which relies on how much emphasis management puts in understanding their customers and failed to capture the effects of funding marketing activities.

In the Kenyan context Ndungu (2010) carried out a study on the effectiveness of marketing strategies used in destination branding in the promotion of domestic tourism and found out positive correlation to performance but failed to include the effects of funding on these marketing strategies and branding. This study will seek to fill in this deep and universal gap on failure to capture expenditure on marketing activities as a factor contributing not only to success in marketing but also eventual performance of hotels. This study will also determine if differentials in expenditure on marketing account for disparities in performance of hotels in Kiambu County.
1.3 General Objective
The general objective was to investigate the effect of marketing activities expenditures on the performance of hotels in Kiambu County, Kenya.

1.3.1 Specific Objectives
The study was guided by the following specific objectives:

i. To determine the effect of promotion expenditures on performance of hotels in Kiambu County.

ii. To assess the effect of market research expenditures on performance of hotels in Kiambu County.

iii. To establish the effect of customer management expenditures on performance of hotels in Kiambu County.

iv. To determine the effect of marketing consultancies expenditures on performance of hotels in Kiambu County.

1.4 Research Questions
The study was guided by the following research questions:

i. How does expenditure on promotions affect performance of hotels in Kiambu County?

ii. What are the effects of expenditure on market research and performance of hotels in Kiambu County?

iii. What are the effects of expenditure on customer management on performance of hotels in Kiambu County?

iv. How does expenditure on marketing consultancies of management affect performance of hotels in Kiambu County?

1.5 Significance of the Study
The findings and recommendations of this study is invaluable to a multiplicity of players in the hotel industry including the managers of the hotels, investors, regulators and academicians in the area. The hotel owners and managers in Kiambu County and other areas will understand, formulate and implement the marketing activities that helps improve their performance. The owners and managers of other business enterprises in Kiambu
County and other areas understands, formulate and implement the marketing activities that will help improve their performance.

The study enables the researchers and academicians have a well-versed knowledge on the, marketing activities to adopt to counter the changes in the external business environment and how turbulent the environment can get. This therefore contributes to the existing body of knowledge in the area of growth and form basis for further research on growth strategies and performance of hotels in Kenya. Besides that, the findings will be a point of reference in the future.

The study is of value to the policy makers in both hospitality industry and government while planning and formulating policies that encourages investment in the hotel industry which significantly contribute to the Kenyan economy. It enables the hotel keepers and caterers to formulate policies that governs the hospitality industry as per changes in the external business environment they operate in.

Practitioners in the industry had a better understanding of the external business environment that hotels operate in thus enabling them to come up with better competitive strategies that makes them have an influence in the industry and consequently improve on their performance. It will further help them understand the rules and regulations to implement for the industry to be relevant and contribute to growth of the economy.

1.6 Limitation of the Study

The study is anticipated to encounter various challenges especially in the data collection phase of the study as follows; the respondents were not willing to give information on their performance ie their sales, profits and even the number of clients they serve as they felt this should be treated confidentially. They requested to give a range not the actual and were convinced that this information would be confidential. The respondents were assured of the utmost confidentiality with which the information given was handled with. Further, the letters of introduction from NACOSTI and the university was used to assure the respondents that the information was used for the purpose of the research only. In addition, some respondents did not have the time and commitment to fill the questionnaires. The drop and pick method was applied to give the respondents time to
effectively fill the questionnaires. The hotels are far apart and some research assistants were employed in the data collection exercise.

1.7 Scope of the Study
This study was conducted on various hotels within Kiambu County. The study targeted the hotels in the county that have acquired the accreditation as 3 star, 4 star or 5 star hotels. Hotels without such accreditations were not considered. The study targeted the hotels which are registered and licensed. The investigation on the investment in marketing activities and performance of hotels was limited by the objectives of the study and thus the investigation focused on the promotions, market research, customer relationship management and marketing consultancies. Other investment in marketing activities and performance of hotels were be addressed by the study.

1.8 Organization of the Study
The proposal is organized into five chapters. Chapter one is the introduction containing the background information, performance of hotels, marketing activities, hotels in Kiambu, the statement of the problem, study objectives, research questions, significance of the study findings and recommendations, limitations of the study and the scope of the study. Chapter two will review of literature on the effect of marketing activities and performance of hotels as guided by the four study variables, the theories guiding the study and a conceptual framework that graphically shows the relationship between variables. Chapter three details research methodology and lays out the plan for the study replete with research design, population, sampling techniques, data collection method and procedure, measures of ensuring reliability and validity of research instrument, data analysis and presentation and ethical issues. Chapter four covers data analysis and presentation while chapter five contains summary of the findings, conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
The chapter contains a review of relevant scholarly and empirical literature. The literature is arranged according to the study variables. The chapter also contains the theoretical framework which is an exposition on the theories that guided in the analysis and interpretation of the data collected. A summary of the empirical literature reviewed exposing the gaps in knowledge that this study addressed as well as a conceptual framework which condensed the study variables into a diagram and shows the measurability of each using indicators is included.

2.2.1 Resource Based View Theory
This model recognizes the importance of a firm’s internal organizational resources as determinants of the firm’s strategy and performance (Barney & Clark, 2007). The term internal organizational resources consist of all assets, capabilities, organizational processes, firm attributes, information, knowledge, that are controlled by a firm and that enable it to envision and implement strategies to improve its efficiency and effectiveness. Although the resource based view recognizes that a firm’s physical resources are important determinants of performance, it places primary emphasis on the intangible skills and organizational resources of the firm (Alavi and Leidner, 2011). According to Ganotakis and Love (2010) human capital is considered to be a source of competitive advantage for entrepreneurial firms. Ownership of firm-specific assets enables a company to develop a competitive advantage. The theory notes that sustainable competitive advantage results from resources that are inimitable, not substitutable, tacit in nature, and synergistic. Therefore, managers need to be able to identify the key resources and drivers of performance and their values in the organization.

King (2007) states that building of capabilities derives from initial heavy and risky investments which allow firms to exploit the opportunities available for scale and scope. Eisenhardt and Martin (2001) addressed the issue of generalizing the findings of the resource based view in the light of the theory’s insistence on firm heterogeneity. They argued that since dynamic capabilities have commonalities across firms in terms of key features, they violate the resource
based view assumption of persistent heterogeneity across firms. It follows that while firms with more effective dynamic capabilities like superior product innovation are likely to have a competitive advantage over firms with less developed capabilities, dynamic capabilities in themselves cannot be a source of sustained competitive advantage.

In guiding this study, the investment in marketing activities by hotels were considered as internal resources and capability. The diverse investment in terms of marketing teams, budgets for marketing research and monies paid to marketing consultants related to the recorded performance by hotels to assess the value added to the performance.

2.2.2 Relationship Marketing Theory

Relationship marketing theory is a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a dominant focus on sales transactions (Alexander and Schouten, 2002). As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages (Aaker and Joachimsthaler, 2000). With the growth of the internet and mobile platforms, relationship marketing has continued to evolve and move forward as technology opens more collaborative and social communication channels (Berglof & Bolton, 2002).

Relationship marketing involves a short-term arrangement where both the buyer and seller have an interest in providing a more satisfying exchange (Adebsi, 2006). This theory tries to disambiguously transcend the simple post purchase-exchange process with a customer to make more truthful and richer contact by providing a more holistic, personalized purchase, and uses the experience to create stronger ties (Aaker and Joachimsthaler, 2000).

Relationship marketing relies upon the communication and acquisition of consumer requirements solely from existing customers in a mutually beneficial exchange usually involving permission for contact by the customer through an "opt-in" system (Adebsi, 2006). With particular relevance to customer satisfaction the relative price and quality of goods and services produced or sold through a company alongside customer service generally
determine the amount of sales relative to that of competing companies (Berglof & Bolton, 2002).

A key principle of relationship marketing is the retention of customers through varying means and practices to ensure repeated trade from preexisting customers by satisfying requirements above those of competing companies through a mutually beneficial relationship (Albers & Straughan, 2000). Extensive classic marketing theories center on means of attracting customers and creating transactions rather than maintaining them, the majority usage of direct marketing used in the past is now gradually being used more alongside relationship marketing as its importance becomes more recognizable. Increased profitability associated with customer retention efforts occurs because of several factors that occur once a relationship has been established with a customer (Berglof & Bolton, 2002).

The theory guided the study in that the investment in the number of staff dealing with customer relationship, the number of loyalty programmes and the investment in ICT facilities for CRM compared with the performance of the hotels especially on financial performance and number of patrons who patronize the hotels.

2.2.3 Market Orientation Theory
A review of the literature reveals diverse definitions of the marketing concept. Felton (1959) defines the marketing concept as a corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are melded with all other corporate functions, for the basic purpose of producing maximum long-range corporate profits. In contrast, McNamara (1972) takes a broader view and defines the concept as a philosophy of business management, based upon a company-wide acceptance of the need for customer orientation, profit orientation, and recognition of the important role of marketing in communicating the needs of the market to all major corporate departments.

Reviewed literature also reveals that Kohli and Jaworski (1990) and Narver and Slater (1990) were early pioneers in investigating market orientation theory. According to these pioneers, market orientation consists of a focus on customers (customer orientation), an intimate understanding of competitors (competitor orientation), and integration of all
functions within the company to create superior customer value (inter-functional coordination). Providing superior customer value is key for maximizing long-term profit and sustainable competitive advantage. Active integration of functional groups within the company to create superior value results in a behavioral culture that guides the way employees think and act (Dobni and Luffman, 2003). Hunt and Lambe (2000) point out that market orientation is positioned as marketing’s contribution to business strategy and is considered an important strategic orientation. Stoelhorst and van Raaij (2004) position market orientation as marketing’s explanation of performance differentials between firms. These advantages of market orientation are generally argued to be a consequence of improved market-sensing capabilities and thus improved market responsiveness, particularly in more hostile and unpredictable environments.

Empirical evidence presents different results with regard to market orientation. Von (2002) reports that consumers are increasingly confronted with intense market place competition. Saturation, Overstoring and a rapid proliferation of new formats have changed competitive dynamics in retail markets. Low prices produced by price warfare would change consumer’s perceptions of all prices. In other words, consumers’ concept of “low” price conforms to the context. Consumers might be persuaded to switch to the new low price stores unless loyalty keeps them from it. He however points out that, even if price is the only one aspect of the determinant mix, the various theories of search behavior and choice still do not explain how consumers use price in the decision process, especially when they do not know the price at all or where their guess is considerably outside of an acceptable range of price knowledge.

The theory guided the study in establishing the extent the hotels invest in market research either through the use of their marketing teams or hired consultants for the purpose. The study assessed the benefits the hotels accrue by investing resources in understanding the market, how the competitors price their products and the general trend in the market.
2.3 Empirical review

Empirical literature is organized according to the study objectives as show below;

2.3.1 Promotional Activities Expenditure and Organizational Performance

Most of the literature on effects of promotions in the hotel industry has focused on the strategies used by hotels to influence the purchasing behavior of customers and increase sales. They detail the strategies used in destination promotion. Destination promotion calls for a coordinated message and campaign for all suppliers and local principals however, there are challenges associated with designing a promotional mix that is cost effective as a result of many diverse tourism suppliers at tourist destinations and the vast distribution of consumers all over the world (Buhalis, 2000). Therefore, destination marketers need to have a clear understanding of how tourists choose destinations and their travel decision making process.

This is significant in helping destination marketers decide upon which marketing strategies to implement in order to influence consumer behavior. One destination-specific factor that prohibits or enhances a tourist's visit a tourist destination is promotion and advertising (Seddigghi and Theocharous, 2002; Blake and Cortes-Jimenez, 2007; Răbonțu and Bălăcescu, 2011). Hence, proper communication to the target market is essential and without it, no matter how great a product or service is, it could go unnoticed by potential customers. Additionally, seasonality issues in tourism makes it essential for marketing activities to be undertaken so as to create demand for the product (Van Der Merwe, 2003; Bhatia, 2002).

The other facet of empirical literature details the type and effectiveness of various promotional activities and marketing communication techniques. Marketing communication channels commonly used in the tourism industry are advertising, personal selling, sales promotion, direct marketing, public relations and trade shows (Dwyer and Tanner, 2002; Devashish, 2011), brochures, travel fairs, direct marketing, discount schemes, loyalty clubs, public relations, and the use of a celebrity or journalist (Buhalis, 2000), personal experience and colleagues/friends/relatives (Ndivoet al., 2012), publicity and internet (Yimsrisai and Khemarangsan, 2012).
There is also a rich body of literature on the role of internet in marketing by hotels. The study by Njung'e and Liswani (2013) shows that a number of tour companies and hotels in Kenya use the internet daily for reservations and bookings done by domestic tourists. Sales promotions are commonly used to increase customer awareness, introduce new services and products, or to combat competition by rewarding customers with special deals or discounted prices (Kumar, 2010). Personal selling is most effective in complex, highly risky and involving decisions such as honeymoon travel, event and conference coordination, wedding planning, volunteer tourism which requires the seller to customize the product and offer flexible solutions while addressing the needs of the customer (McCabe, 2009).

Public relations remains the most extensively used marketing promotion especially at the national level where destination representatives establish tourism offices to provide information and promotional material while publicity is an excellent way that the image of a tourist destination site can be presented and it is through those official advertisements that tourist’s gather information about certain tourist destinations which in turn influence their decision to travel (Yimsrisai and Khemarangsan, 2012). Ndivo et al., (2012) point out that domestic tourists’ in Kenya consider television as more important as opposed to print media (travel brochures, newspapers, magazines, and books) in creating awareness of a tourist destination, however, the choice of a tourist destination is highly influenced by print media. This awareness could be because free to air TV info is free for viewers whereas print media such as tourist guidebooks are very expensive, hence destination info is out of reach for many Kenyans, especially those with low budget. Overall, however, personal experience and colleagues/friends/relatives played the most significant role in creating awareness and final choice of tourist destination whereas travel agents on the other hand were considered less significant (Ndivo et al., 2012).

Nyagaka (2009) notes that print, outdoor, electronic media, sales promotion (brochures and price cuts), publicity, telephone and structured selling were the most significant advertisement tools that had an influence on respondents loyalty to visit particular tourist destinations. Tourists not only look for promotions with reasonable prices but also consider
the information provided which assists them in the decision making process (Yimsrisai and Khemarangsan, 2012).

2.3.2 Market Research Expenditure and Organizational Performance

Marketing research is vital to firms’ marketing information systems and its implications are as far-reaching and awe-inspiring as can be imagined. Although undoubtedly, all firms would want to practice marketing research and by so doing gain comparative advantage which could then translate to competitive advantage, most firms find themselves either incapable of initiating research, proceeding with research, or effectively utilizing research insights in decision making. In order to understand marketing research, one needs to trace back to the roots of marketing and its association to demand creation and marketing research. Marketing, is concerned with demand creation, demand activation or demand generation (Shaw and Jones, 2005), and propaganda or the conditioning of buyers or sellers to a favorable attitude.

Gitonga (2015) on the marketing research practices and performance of fast moving consumer goods manufacturers in Kenya found out that All FMCGs in Kenya take marketing research seriously and do carry out marketing research. They believe it has an impact on their performance and believe that for this reason, most of them keep their research budgets confidential. This might make sense for companies that practice marketing research and to which marketing research has a real impact, but it might be a smoke screen behind which companies underutilizing research hide. Although there are many research methods in use around the world today, only pricing research and retail audits are currently widely practiced by FMCGs in Kenya. This leaves room for other research methods to grow in importance across the FMCG industry. Many challenges have been fronted that impede the conduct of marketing research, despite this, research continues to be practiced, if there were policies developed that would reduce some of the mentioned challenges, research would grow more as an industry in Kenya.

The study by Omuyitsi (2001) on marketing research in micro and small enterprises, a case study of enterprises in The Nairobi CBD revealed that 98% of respondent indicated that marketing research was important to their businesses yet they only utilized some of the marketing research and not all. Out of six marketing research attributes tested 18 out of the
70 respondents interviewed used less than three attributes. It also revealed that businesses turnover is directly related to the depth of marketing research done, i.e. higher businesses does more marketing research than smaller businesses.

2.3.3 Customer Relationship Management Expenditure and Organizational Performance

Customer relationship is a wide area of study that has become a discipline in itself. However, contemporary research in the area is mostly focused on the quality of customer relationship tasks by the hotels. The effect of investment in customer relationship management and its effects on performance of hotels have been given a wide berth by researchers. Owiti, (2014) studied quality management practices and or drivers of hotels in Nairobi and it was concluded that the driver that was influencing hotel performance was quality because satisfied customers would recommend others amounting to increased competitiveness and profitability. However, the study also established a moderate adoption of other strategic management drivers of hotel performance and with good marketing teams.

Wu and Lu (2012) observe that there is still noted lack of research on CRM in the hotel industry and suggested further studies to ascertain the role of CRM on hotel performance. Allen and Helms (2006) purport that cost leadership strategy helps a hotel’s competitive positioning and can be generated when the hotel achieves low cost within the industry. Kandemir and Hult (2005) argue that positive changes in the way people act (behavioural changes) and perceive their internal and external environment (cognitive changes) have a significant effect on hotel performance. Hotel industry analysts have stated that hotels in the future will spend 70% of their expenditure on CRM related activities because of the potential of CRM to increase hotels efficiency (Alino, 2013). Okeyo (2011) studied the impact of company chain management practices in five star hotels in Nairobi and recommended strategic management drivers as key in driving hotel profits.

Across the world there is a growing body of empirical literature hailing the benefits of customer relationship practices on businesses. Customer Relationship Management (CRM) is one of the strategic management concepts which have changed the way businesses are carried out. Cooperative rather than competitive approaches to businesses are now
commonly embraced by organizations such as hotels (Thakur, Summey &Balasubramanian, 2006). Wang and Bowie (2009) highlight a positive relationship between customer relationship management and organizational performance. Customer Relationship Management is further highlighted as a comprehensive strategy for acquiring, retaining and partnering with selected customers to improve quality for the company and the customer (Christian, 2007). Jain, Jain, and Dhar, (2007) asserts that when CRM is implemented in organizations it develops a series of functions, skills, processes and technologies that help organizations to achieve long-term customer loyalty thereby improving their performance. Coltman (2007) identified CRM as a core process in enhancing competitiveness and performance by stating that CRM policies in the hotel sector must concentrate on customer satisfaction, customer retention and customer quality.

Customer Relationship Management improves performance through its various processes because it enables companies to evaluate their efficiency in serving customers. Hotels therefore have a duty to identify customer needs in order to plan how to satisfy them (Abdullateef, Mokhtar &Yusoff, 2010). Customer relationships are one of the most expensive assets a hotel can have because satisfied customers are more likely to return to the hotels and also to recommend others (Jones, Mark, & Sim, 2007). Uzel (2012) states that there is intense competition in today’s hotels which requires managers to adopt strategic drivers of performance in order to improve hotel services. This is because hotels that maintain long run performance are the ones that are able to build customer loyalty and retention. Lo, Stalcup, and Lee (2010) established that CRM brings benefits in terms of improved performance which results from acquiring new customers as well as sustaining customers for competitive advantage. Customer Relationship Management improves performance through reduction of the costs incurred in acquiring customers and also the profitability that results from customer loyalty (Chang, 2007). CRM is a customer centered rather than product centered interaction with customers which add value to the services offered in hotels to enhance the desired results.
2.3.4 Marketing Consultancies Expenditures and Organizational Performance

Outsourcing of critical services such as marketing by firms have gained traction and admiration both by practitioners and academicians though with a growing number of critics questioning the wisdom of outsourcing core duties to outsiders notwithstanding their competencies in the areas. It is noteworthy that most of the empirical research on the role of constancies have concentrated on the benefits and best practices of doing the consultations. Gilley and Rasheed (2000) argue that, by allowing outside specialist organizations to concentrate on certain tasks, firms may increase their performance by focusing narrowly on things they do best. Similarly, other scholars in support for BPO’ positive contribution to performance view the distinctive resources gained from the alliance partners as generating higher rents than those generated independently by the resources of each firm (Rodriguez and Robaina, 2006).

The critics have also had their say on the benefits and pitfalls of engaging consultants in some of the business activities including marketing. For example Thompson (2007) concerned over BPO benefits point out that, the manner in which BPO decisions are generated, structured and implemented play a major role in determining its impact on firm performance and that not all outsourcing initiatives are strategically calculated hence weak evidence on BPO’s positive impact on firm performance.

Thomas (2001) also conducted a research on the methodology of linking customer acquisition to customer retention and found that analyzing and focusing on customer retention enhances the customer equity of the firm. This model focused on the internal capabilities to which marketing capabilities could be inferred but excluded the external environment. White, et al., (2003), in a study on market strategy development styles, implementation capability, and firm performance found that implementation capability positively affects firms’ performance. The study was based on the established parent producer, thus necessitating the importance of exploring if similar results would be obtained for intermediary companies.

Ingram (2004), in research work on the future themes in sales management complexity, collaboration, and accountability found that collaboration is inferred for success in sales. The study focused on relationships by collaboration but ignored intangible resources that
are key contributors to sales success. Of importance is that the current study included intangible resources as a variable of marketing capabilities in relation to intermediary performance. Similarly, Cho and Pucik (2005) found that innovativeness, quality, and profitability have inter linkages with positive mediation relationship on market value. Other studies on heterogeneous firm effects of knowledge exchange on product innovation have asserted that research intensity, innovative revenue, and growth in revenue are indicators of innovative performance. Both study types, however, did not consider the effects of strategy choice, which is affected by intangible resources within the organisation. The current research work included this variable to establish the linkages and effect on intermediary performance.

Gachanja, et al., (2008) established that there was a decline in total factor productivity in the manufacturing sector during 2001 and 2005. The study did not determine whether the decline was associated with the strategic choices of how products are distributed or with marketing capability or even the performance of the intermediaries. Finally, Mugambi, et al., (2011) suggested further studies to evaluate the influence of strategic capabilities and contextual factors in small-and medium enterprises because they form the bulk of business organizations in Kenya. This study, therefore, from the gaps eminent and the results obtained sought to establish the effect of marketing capabilities on MSP intermediary organizations’ performance in Kenya.

2.4 Summary of Literature Review and Gaps

The hospitality industry is a major source of tourism revenue in Kenya. It however faces various challenges like, insecurity, technological advancement, political and economic instability. Previous studies conducted in other industries and hospitality industry were response strategies adopted by the organizations to changes in environment.

Related studies have been done on marketing strategies and the performance of organizations. To begin with, internationally, various researchers have conducted on the role of strategy in competing successfully with other hotels such as Enz (2011). Other researchers locally, Magunga (2010) in his study on the effects of marketing strategies on performance of Insurance Industries in Kenya. He further argues that the major contributors to the sector performance are the marketing strategies adopted by insurance
companies. Similarly, Ayele (2012) and Richard (2013) also conducted studies on strategies adopted to gain competitive advantage. They established differentiation and market development strategies to be used more. However, investment in marketing activities and performance of hotels has not been brought out clearly. This study sought to understand the marketing activities and performance of hotels in Kiambu County.
## Table 2.1 Summary of Literature Review and Gaps

<table>
<thead>
<tr>
<th>Author</th>
<th>Focus of the study</th>
<th>Findings</th>
<th>Research Gaps</th>
<th>Focus of the current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omuyitsi (2001)</td>
<td>marketing research in micro and small enterprises, a case study of enterprises in the Nairobi CBD</td>
<td>Revealed that 98% of respondent indicated that marketing research was important to their businesses yet they only utilized some of the marketing research and not all.</td>
<td>This study only investigated marketing research on small enterprises</td>
<td>This study focused on cost of marketing research in hotels</td>
</tr>
<tr>
<td>Cho and Pucik (2005)</td>
<td>Marketing capabilities in relation to intermediary performance.</td>
<td>Found that innovativeness, quality, and profitability have interlinkages with positive mediation relationship on market value.</td>
<td>This study was only concerned with market value</td>
<td>This study was built on spending on marketing consultancies.</td>
</tr>
<tr>
<td>Odhuon, et.al., 2010</td>
<td>studied Key performance indicators in Kenya’s hospitality industry</td>
<td>Established financial performance measures as the only drivers of hotel performance.</td>
<td>The gap in this study was it focused on performance of hospitality industry</td>
<td>This study focused on investment of marketing activities on performance of hotels</td>
</tr>
<tr>
<td>Lo, Stalcup, and Lee (2010)</td>
<td>Customer Relationship Management</td>
<td>Established that CRM brings benefits in terms of improved performance which results from acquiring new customers as well as sustaining customers for competitive advantage.</td>
<td>This study investigated customer relationship management only</td>
<td>This study assessed spending customer management on performance of hotels</td>
</tr>
<tr>
<td>Hasque, Rahman, Sayyed et al (2011)</td>
<td>Assessed the impact of advertisement towards Malaysia consumers. They focused on fast food restaurants in Malaysia.</td>
<td>In the study, it was acknowledged that advertisement is key in introducing and promoting products and services.</td>
<td>This study focused on impact of advertisement focused on fast food</td>
<td>This study assessed the effect of spending on promotions in hotels</td>
</tr>
<tr>
<td>Source</td>
<td>Research Focus</td>
<td>Findings</td>
<td>Study Details</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Fwayaet. al., (2012)</td>
<td>studied the relationship between drivers and results of performance in the Kenyan hotel industry</td>
<td>Established that the drivers and the results of performance generally have a strong positive relationship between themselves and also with hotel performance.</td>
<td>This study only investigated the relationship of performance in hotels.</td>
<td></td>
</tr>
<tr>
<td>Njung’e and Liswani (2013)</td>
<td>Number of tour companies and hotels in Kenya use the internet daily for reservations and bookings done by domestic tourists</td>
<td>Sales promotions are commonly used to increase customer awareness, introduce new services and products, or to combat competition by rewarding customers with special deals or discounted prices.</td>
<td>This study assessed sales promotions made by use of internet.</td>
<td></td>
</tr>
<tr>
<td>Gitonga (2015)</td>
<td>marketing research practices and performance of fast moving consumer goods manufacturers in Kenya</td>
<td>found out that All FMCGs in Kenya take marketing research seriously and do carry out marketing research.</td>
<td>This study focused on marketing research practices on fast moving consumer goods.</td>
<td></td>
</tr>
<tr>
<td>Kimani (2015)</td>
<td>Role of Social Media Marketing on Organizational Performance in Kenya</td>
<td>He found out that Competition for customers has greatly increased with marketers looking for new ways to attract and retain customers.</td>
<td>This study only assessed role of social media marketing.</td>
<td></td>
</tr>
</tbody>
</table>

This study was built on marketing activities and performance of hotels.
2.5 Conceptual Framework

The conceptual framework represents a diagrammatic representation of how the dependent variable and the independent variables relate.

Marketing Activities Expenditure

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions Expenditure</td>
<td>Performance of Hotels</td>
</tr>
<tr>
<td>- Overt advertisement</td>
<td>- Financial performance</td>
</tr>
<tr>
<td>- Size of marketing teams</td>
<td>- Brand equity</td>
</tr>
<tr>
<td>- Budget for marketing</td>
<td>- Number of customers</td>
</tr>
</tbody>
</table>

Market Research Expenditure

<table>
<thead>
<tr>
<th>Independent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Availability</td>
</tr>
<tr>
<td>- Size of the budget</td>
</tr>
<tr>
<td>- Frequency</td>
</tr>
</tbody>
</table>

Customer Relationship Management Expenditure

<table>
<thead>
<tr>
<th>Independent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Investment in CRM</td>
</tr>
<tr>
<td>- Specialized staff in CRM</td>
</tr>
<tr>
<td>- Budget for CRM</td>
</tr>
</tbody>
</table>

Marketing Consultancies Expenditure

<table>
<thead>
<tr>
<th>Independent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Existence of consultations</td>
</tr>
<tr>
<td>- Range of consultations</td>
</tr>
<tr>
<td>- Budget on consultations</td>
</tr>
</tbody>
</table>

Figure 2.1 Conceptual framework

Source: Researcher 2017
3.1 Introduction
The study investigated the effects of marketing activities on the performance of hotels in Kiambu County. This chapter lays out the plan for the data collection and analysis for the proposed study. It details the design of the study, population of the study and data collection and analysis techniques that employed. It also shows the type of data collected and the source of data where it was collected and the ethics that were observed in the process.

3.2 Research Design
The study adopted descriptive research design which Gay (1981) explains it as research methods used when the researcher wants to describe specific behavior as it occurs in the environment. According to Gill & Johnson (2006), descriptive surveys are interested in addressing specific characteristics of a selected population of subjects at a point in time, or at varying times for the purpose of comparing the relationship between variables. The design was ideal in describing the relationship between marketing activities and performance of hotels which is a phenomenon in itself that merits description. Further most of the data collected was in numerical form which further justifies the use of the research design. The study entailed collection of quantitative data and sampling of both the hotels and the respondents as provided for by the descriptive research design.

3.3 Target Population
The target population for this study was 3star, 4 star and 5 star hotels in Kiambu. According to Kenya Association of Hotel Keepers & Caterers Kenya Hotel & Restaurant Guide (2014), there are approximately 50 hotels in Kiambu. This is a combination of 3Star, 4Star and 5 Star hotels. The hotel managers, marketing managers, finance managers and their equivalent, in these hotels constituted the respondents to the study.

3.4 Sampling Procedure
The study employed purposeful sampling, stratified sampling and simple random sampling among the hotels and staff. Stratified sampling was used to select categories of hotels for the study. The stratum was the classification of hotels as 5 stars, 4 star or 3 star classification. All the classification was represented. Simple random sampling settled on the employees to participate in
the study. However, purposeful sampling settled on the category of hotel employees with knowledge on the marketing activities and performance of the hotels. The respondent’s were hotel managers, marketing managers, finance managers or their equivalent. The study sought views from three respondents who were directly involved in marketing and finance in each of the three departments resulting in a total sample of 45 respondents. The study sampled of 30% of the hotels and respondents as advocated for by Mugenda and Mugenda (2003). This ensured that the selected sample meets the threshold of statistical representation and similarity with the population. This sampling technique was taken into account that the hotels are classified into categories and this may be an indication of heterogeneity between the categories. The strata was defined by the classification of hotels and the quotas apportioned depending on the size of each stratum.

Table 3.1 Sampling frame

<table>
<thead>
<tr>
<th>Sample Design Strata</th>
<th>Strata size</th>
<th>Sampled</th>
<th>Employees sampled</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 star hotels</td>
<td>9</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>4 star hotels</td>
<td>8</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>3 star hotels</td>
<td>14</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>311</strong></td>
<td><strong>11</strong></td>
<td><strong>45</strong></td>
</tr>
</tbody>
</table>

Source; Researcher (2017)

3.5 Data Collection

The data was collected by visiting the hotels and administering the questionnaires to the available and willing targeted staff. Permission was sought from the hotel managers. The study collected both primary as well as secondary data. Primary data collection method, questionnaire which included both closed and open ended questions. While administering the questionnaires, the researcher distributed them to all the hotels with each receiving questionnaires. The respondents were marketing managers and finance managers or their equivalent. The drop and pick method was used where the respondent was either very busy or not available at the time of data collection. Secondary data was sourced from published reports on the performance of hotels.
3.6 Validity and Reliability

3.6.1 Validity

Kothari (2004) points out that validity is the degree to which a test measures what it is supposed to measure; in this case, the validity is an equivalent to accuracy. It is generally accepted that the concept of scientific validity addresses the nature of reality. Validity is important because it can help determine what types of tests to use, and help to make sure researchers are using methods that are not only ethical, and cost-effective, but also a method that truly measures the idea or construct in question. To ensure validity of the research instruments, face validity and content validity of the research instruments was ensured by examination of the research instruments by an expert and validation by the supervisor.

3.6.2 Reliability

Reliability is concerned with the consistency of a research instrument in collection of data. This means if the research is repeated with the same measuring methods, the conclusions were the same. Akaker (2007) also states that reliability demonstrates that the operation of a study such as the data collection procedures can be repeated with the same result. To ensure reliability of the research instruments, the study used the Cronbach Alpha Co-efficient after test re-test to ascertain the reliability. A score of 0.7 was deemed sufficient for the study. The results of the reliability test using Cronbach Alpha Co-efficient was as follows.

Table 4.2 Cronbach`s Alpha results

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions</td>
<td>45</td>
<td>0.797</td>
</tr>
<tr>
<td>Market research</td>
<td>45</td>
<td>0.821</td>
</tr>
<tr>
<td>Customer management</td>
<td>45</td>
<td>0.844</td>
</tr>
<tr>
<td>Market consultancies</td>
<td>45</td>
<td>0.816</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)
3.7 Data Analysis and Presentation

Data collected from the field will be rearranged, serialized, coded and analyzed by the use of SPSS software. Data analysis refers to extraction of meaningful information from a mass of data. Analysis was done using descriptive statistics which involves Measures of central tendency such as Mean, and Measures of dispersion such as Standard deviation. The analyzed data was presented in the form of frequency tables and graphs. Multiple regression analysis was used to establish the exact strength and influence of each of the independent variables on the dependent variable and inform the recommendations of the report. The regression equation and model, as used by Mwaura (2005), was as follows:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]

Where:

\( Y \) = Performance of Hotels

\( X_1, X_2, X_3, \) and \( X_4 \) = Independent Variables

\( X_1 \) - Spending on Promotions

\( X_2 \) – Spending on Market Research

\( X_3 \) – Spending on Customer Relationship Management

\( X_4 \) – Spending on Marketing Consultancies

\( \beta_0 \) = Constant

\( \beta_1, \beta_2, \beta_3, \beta_4, \) = Regression coefficients or Change included in \( Y \) by each \( X \) value

\( e \) = error term

The error term represents other factors that affect dependent variable will not be covered in the study.

3.8 Ethical Consideration

The study observed the following ethical considerations as expected of business research. The researcher gained access to the study sites of the hotels using the accepted practices. Authority to collect data was sought from the university and the statutory arm of the government concerned with research called National Council for Science and Technology Institute (NACOSTI). The respondents voluntarily participated in the study having been duly informed on the purpose of the
study and their rights therein. The data collected was handled confidentially and the respondents and the management of hotels duly informed that the information was used for the purpose of research only. The researcher did not partake in plagiarism and the materials and other intellectual input from other sources were duly acknowledged. The findings of the study were presented honestly and was not be doctored to fit in any preconceived ends.
CHAPTER FOUR
DATA ANALYSIS, INTERPRETATION AND PRESENTATIONS

4.1 Introduction
The analysis and presentation of the study findings as guided by the study variables is organized as follows:

4.1.1 Response Rate
The study recorded a very high response rate was considerately of with some out of the issued questionnaires filled and returned.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Questionnaire Issued</th>
<th>Questionnaire Returned</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>42</td>
<td>93%</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The response rate was high because of use of informal contents and making of follow-ups visits. Also most the staff of the hotels were ever present.

4.1.2 Reliability of the questionnaires
The reliability of the questionnaires was confirmed as in table 4.2 below;

The Cronbach alpha reliability coefficients of constructs as they emerged from the factor analyses were then re-calculated to confirm their internal consistency. Based on the factor analysis results and Cronbach alphas, certain latent variables were reconstructed and another removed from the hypothesized model. The self-constructed instruments recorded final Cronbach Alpha values of 0.797, 0.821 and 0.844 and 0.816 for promotions, market research, customer management and market consultancies respectively. These values were considered acceptable for basic research.

4.2 Background Information
Information on gender, experience, levels of education of the respondents and

4.2.1 Gender
The gender of the respondents was as follows;
Most of the respondents were female with a percentage of 56% and male 44%. Most of the female staff were deployed to service with male offering technical support.

**4.2.2 Work Experience**

The researcher sought to establish the working experience of the staff working in hotels.

Most of the respondents had a working experience of 3-5 years at 46%, 6-8 years at 23%, more than 8 years at 16% and 0-2 years at 15%. Work experience was relatively limited because of the high staff turnover in the industry. The mostly young employees move a lot before they settle. It is easy to get employment with training and experience.
4.2.3 Highest Level of Education

The study sought to determine the highest level of education from the respondents. The findings were presented in the Figure 4.3.

Source: Researcher (2017)

The findings in the figure above show that the majority of the respondents 57% had a diploma, 35% had masters, 4% had masters PHD and degree. Most of the staff had diploma qualification as offered by the leading trainers in the industry like Utalii College. The higher levels of education, degrees and masters was with staff in management teams.

4.3 Marketing Activities Expenditure

The study sought to establish if the hotel undertook and spends resources on marketing activities of promotions, marketing research, customer management and marketing consulting. The findings were presented in the table below:

Table 4.1 Marketing Activities

<table>
<thead>
<tr>
<th>PRACTICES</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising for services</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>Conducting Marketing research</td>
<td>24</td>
<td>70</td>
</tr>
<tr>
<td>Conducting Customer relationship management</td>
<td>56</td>
<td>42</td>
</tr>
<tr>
<td>Engaging marketing consultants</td>
<td>30</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The table above shows that hotels carry out marketing activities on advertising for services with 57% disagreeing and 43% agreeing. Marketing research 70% said no, 24 said yes and 6% did not
know. Customer relationship management 56% agreed, 42% disagreed and 2% did not know. Engaging marketing consultants 70% settled for no and 30% agreed. Majority of the hotels did not conduct marketing research as they have not been exposed to the areas and need of research. Many of the hotels in Kiambu had promotions through advertisements in the media and through road shows. In addition, there were good customer relations management since the hotels understood the crucial role of the customers in the business. However, there was poor marketing consultation due to inadequate funds and exposure of the hotels to different consultancy. Zeithaml and Bitner (2000) the marketing techniques giving a helping hand in designing and implementing a strategy to achieve the market to ensure a greater number of customers, sales and results.

4.4 Promotional Activities Expenditure

The study sought to establish if the hotels in Kiambu conducted the promotional activities of advertising to customers, marketing through sales team, having a budget for marketing and how these activities affected performance of the hotels. The findings were as follows:

4.4.1 Overt marketing
The researcher sought to establish if the hotels in Kiambu County carried out any overt marketing to customers and found out that;

![Figure 4.4 Overt marketing](Source; Researcher (2017))

The figure above indicates that hotels advertise to customers with 66% agreeing and 34 % said no. Coviello, et al, (2000) advertising and publicity, organization of conferences and seminars,
incentive to policyholders are impersonal communication. Arranging exhibitions, participation in fairs and festivals, rural wall paintings and publicity drive through the mobile publicity van units would be effective in creating the impulse buying and the rural prospects would be easily transformed into actual policy holders. The study by Njung’ e and Liswani (2013) shows that a number of tour companies and hotels in Kenya use the internet daily for reservations and bookings done by domestic tourists.

4.4.2 Size of the Marketing Team

To establish the extent of spending on promotions activities, the study sought to establish the size of the marketing team by hotels and found out that hotels in Kiambu had the following spread in size of marketing teams.

![Size of the Marketing Team](image)

**Figure 4.5 Size of the marketing team**

*Source: Researcher (2017)*

Figure 4.5 shows that the size of the marketing team 42% was 11-15, 38% was 6-10, 8% was 2-5, 8% had no marketing team and finally 4% was more than 15. Newly started hotels as well as established and well known hotels had few or no marketing teams. Hotels far away from the tarmac had bigger marketing teams. Some hotels had marketers on part time who undertook other activities making it hard to tell the actual numbers. Owiti, (2014) studied quality management practices and or drivers of hotels in Nairobi and it was concluded that the driver that was influencing hotel performance was quality because satisfied customers would recommend others amounting to increased competitiveness and profitability. However, the study also established a moderate adoption of other strategic management drivers of hotel performance and with good marketing teams.
4.4.3 Marketing Budget

The most critical determinant of the hotels spending on promotional activities was the annual budget they had on marketing. The following was established;

![Marketing Budget Chart]

**Figure 4.6 Marketing Budget**

*Source; Researcher (2017)*

The figure above shows that hotels had annual budget for marketing for this hotel with 54% less than 100,000, 23 % had no annual budget, 15% 100,000-500,000, 4% more than 500,000 and 4% more than 5 million. 23% of the hotels in Kiambu did not have a budget for marketing activities. It is the newly started hotels and those that had acquired accreditation that had no curtailed budget for marketing. Hotels near tarmac and closer to capital city had high budget. Costs of marketing on the telephone and internet spent used significant amount of budget. A study by Hanson,(2008) found that marketing expenditures have differential effects according to the type of hotel and the particular type of marketing expenditure.

4.4.4 Spending on Marketing and Performance

The study established the effects of spending on promotion on the following aspects of performance of hotels as follows; maintaining existing customers, getting new customers and increase in profits.
Table 4.2 Effects of marketing on performance

<table>
<thead>
<tr>
<th></th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Average extent</th>
<th>Small extent</th>
<th>Not at all</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Maintaining existing customers</td>
<td>0%</td>
<td>0%</td>
<td>35%</td>
<td>35%</td>
<td>30%</td>
<td>4.0</td>
<td>0.8</td>
</tr>
<tr>
<td>b) Getting new customers</td>
<td>0%</td>
<td>15%</td>
<td>12%</td>
<td>46%</td>
<td>27%</td>
<td>3.9</td>
<td>1.0</td>
</tr>
<tr>
<td>c) Increase in profits</td>
<td>8%</td>
<td>23%</td>
<td>12%</td>
<td>27%</td>
<td>31%</td>
<td>3.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source; Researcher (2017)

The study found out that maintaining existing customers affected performance to an average extent of 35%, 35% to a small extent and 30% to no extent. Getting new customers 46% to a small extent, 27% to no extent, 15% to great extent and 12% average extent. Increase in profits 31% to no extent, 27% to small extent, 23% to great extent, 12% to average extent and 8% to very great extent. Confidentiality of profits happened on this section and generally the respondents polled that spending had an impact on marketing. Nyagaka (2009) notes that print, outdoor, electronic media, sales promotion (brochures and price cuts), publicity, telephone and structured selling were the most significant advertisement tools that had an influence on respondents loyalty to visit particular tourist hotel hence high turnover.

4.5 Marketing Research

The study established the availability of marketing research by hotels in Kiambu, frequency of budget involved and effects on performance and found out the following;
4.5.1 Occurrence of Marketing Research
The study sought to establish if hotels conduct market research:

![Occurrence of Marketing Research](image)

**Figure 4.7 Occurrence of Marketing Research**
*Source: Researcher (2017)*

The figure above shows that 52% don’t conduct market research and 48% do. Omuyitsi (2001) on marketing research in micro and small enterprises, a case study of enterprises in The Nairobi CBD revealed that 98% of respondents indicated that marketing research was important to their businesses yet they only utilized some of the marketing research and not all. The concept was not well understood because even the hotels that polled NO also indicated that some form of informal market research from friends and media was conducted. Shah et al. (2006) observed that not only has research demonstrated that a marketing research promotes company performance but service firms have increasingly turned away from short-term, transaction-based marketing in favor of customer-centered approaches, notably loyalty programs (Rust et al. 2004).

4.5.2 Frequency of the Market Research
To establish the extent hotels in Kiambu County spent on market research, the frequency of conducting market research was investigated and the following found on the frequency in a year.
The figure above indicates the frequency the market research is conducted in a year 65% once in a year, 21% three times, 7% twice and many times. Most of the hotels only conducted a formal market survey once because of the costs involved. A study by Rust et.al (2004) demonstrated the link between marketing expenditures and a firm’s brand equity, but it is not clear how marketing expenses relate to individual hotels’ performance.

4.5.3 Budget for Research
To comprehend the depth of spending on research, the study found out that the approximate annual budget for market research by hotels in Kiambu County was as follows;

Source; Researcher (2017)
Figure 4.9 indicates that hotels had annual budget for research with 50% less than 100,000, 31% 100,000-500,000, 14% none and 2% more than 1 million. Save for the confidential nature of finance and budget for hotels that hampered responses to this question, it was established that almost all the hotels had a budget for market research. Some did not have a budget but spent on adhoc and need basis manner on market research. Uyar and Bilgin (2011) state that organizations use budgets for various reasons. Some of the most prominent benefits its of budgeting are forecasting the future, assisting in profit maximization, performance evaluation, pricing decisions etc.

4.5.4 Market Research and Performance

It was established that spending on market research had the following impact on the following aspects of performance by hotels; maintaining existing customers, getting new customers and increasing sales.

Table 4.3 Market research and performance

<table>
<thead>
<tr>
<th></th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Average extent</th>
<th>Small extent</th>
<th>Not at all</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining existing customers</td>
<td>4%</td>
<td>8%</td>
<td>19%</td>
<td>46%</td>
<td>23%</td>
<td>3.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Getting new customers</td>
<td>12%</td>
<td>0%</td>
<td>27%</td>
<td>23%</td>
<td>38%</td>
<td>3.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Increasing sales</td>
<td>4%</td>
<td>23%</td>
<td>8%</td>
<td>50%</td>
<td>15%</td>
<td>3.3</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

The study found out that maintaining existing customers affected performance of market research activities 46% to a small extent, 23% to no extent, average extent of 19%, 8% and 4% to very great extent. Getting new customers 38% to no extent, 27% average extent, 23% to a small extent and 12% to very great extent. Increase in profits 50% to small extent, 23% to great extent, 15% to no extent, 8% to average extent and 4% to very great extent. It also established that there are significant differences in the relationship between sales and marketing expenditures and hotel performance for properties in the different hotel segments, as identified in Smith Travel hotels.
4.6 Customer Relationship Management
The study sought to establish if hotels in Kiambu County invested in customer relationship management, trained staff on it, had a budget for CRM and how it implicated on performance and found out the following;

4.6.1 Investment in Customer Relationship
The researcher sought to find out if hotel invested sufficiently in customer relationship:

Figure 4.10 Investment in customer relationship

Source; Researcher (2017)

Figure 4.10 indicates that hotels did not invest sufficiently in customer relationship with 67% and 33% said yes. It was established that all hotels in Kiambu County had a form or another of customer relationship managed but the hotels that polled No had no formal structures or department for customer relationship management. The advanced five star hotels established customer relationship management as an organizational philosophy engrained and practiced by all staff.

Suffice it to say that hotel industry, like any business sector has to be highly competitive to be able to do well in the business environment, therefore, it is of vital importance for it to encourage behavioral patterns of continuous re-purchase and to retain customers last longer. Thus, it is evident that such ambitious aims can only be achieved through implementing CRM, which will result in establishing fruitful relationship between organizations and their customers (Papastathopoulou et al., 2007; Verdugo et al., 2009).
4.6.2 Specialized staff

The study sought to establish if the hotels in Kiambu County had trained and placed staff for customer relationship management and found out that the following;

![Specialized staff](image)

**Figure 4.11 Specialized staff**

**Source; Researcher (2017)**

Figure 4.11 shows that the size of staff employed in customer relationship department 46% was 11-15, 15% was 6-10, 15% had no marketing team, 12% was 2-5, and finally 12% was more than 15. In most of the hotels, the concept of customer relationship management was conceived in narrow terms to mean those who ushered and handled customer complaints. They are usually a desk manned by one or two employees. However, it was established that more CRM activities were being carried out by other staff as well. Kotler, (2002) noted that CRM will be ideally suited to the hotel industry, especially when implementing it successfully and effectively, taking into our account that hotels receive a lot of data about customers. Such data can be transformed into useful knowledge about them.

4.6.3 Budget for the Customer Relationship Management

To understand the scale of spending on customer relationship management, the study established the hotels annual budget for CRM and found out the following;
Figure 4.12 Budget for the customer relationship

Source; Researcher (2017)

Figure 4.11 indicates that hotels had budget for customer relationship with 42% more than 1 million, 38% 100,000-500,000, 8% less than 100,000, 8% none and 4% more than 5 million. Most of the budget was spent on training staff establishing and maintaining the standards set for accreditation and keeping of data and staff salaries and allowances.

4.6.4 Customer Relationship Activities

The study sought to establish if the hotels in Kiambu County were maintaining the existing customers, getting new customers and whether they improved customer experience. The study found out that the following;
Table 4.4 Customer relationship activities

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Average extent</th>
<th>Small extent</th>
<th>Not at all</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining existing customers</td>
<td>6%</td>
<td>13%</td>
<td>6%</td>
<td>31%</td>
<td>44%</td>
<td>3.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Getting new customers</td>
<td>10%</td>
<td>36%</td>
<td>21%</td>
<td>14%</td>
<td>21%</td>
<td>3.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Improving customer experience</td>
<td>33%</td>
<td>17%</td>
<td>24%</td>
<td>22%</td>
<td>4%</td>
<td>3.4</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: Researcher (2017)

Table 4.4 indicates that maintaining existing customers affected the performance of customer relationship activities 44% to no extent, 31% to small extent, 13% to great extent, 6% to very great extent and 6% to an average extent. Hsieh et al. (2012) concluded that the mandated use of CRM might have an adverse impact on employee satisfaction. The conflicting results in the literature reinforce the need for additional research on the overall effect of CRM operation on the service-profit chain.

4.7 Marketing Consultancies

The study sought to establish if the hotels in Kiambu engaged consultants, range of consultants, budget for consultancies and effect of consultancies on performance. The findings were as follows:

4.7.1 Consultancy in Hotel

The study sought to establish if hotels in Kiambu engaged consultants in their marketing activities and found out the following:
Figure 4.13 Consultancy in Hotel

Source; Researcher (2017)

Figure 4.13 shows that 59% said no to that hotel engage consultants in its marketing activities and 49% agreed. Use of external consultants was not widespread but most of the hotels used their staff in management ranks as their consultants in marketing. A sizeable proportion that polled yes engaged in external consultancy mostly during crisis. Gilley and Rasheed (2000) argue that, by allowing outside specialist organizations to concentrate on certain tasks, firms may increase their performance by focusing narrowly on things they do best.

4.7.2 Range of engagement of Consultants

The study sought to establish the range the hotels in Kiambu County engaged consultants in market. The figure below presents the percentage of hotels that engaged consultants in the areas of making marketing plans, conducting surveys, and forecast and in customer relationship management.
Figure 4.14 Range of Engagement of Consultants

Source; Researcher (2017)

The figure above indicates that hotels engaged consultants in make marketing plans to percent of 73%, undertake marketing surveys to 14%, undertake marketing forecasts to 11% and finally advise on customer relationship management to 2%. A percentage of hotels in Kiambu used the various types of consultancies. The range of engagement of marketing consultancies was dictated by such factors such as presence of affordable consultancies in the fields lack or presence of skills among staff and performance of the hotels.

4.7.3 Budget of Consultancies

The study sought to find appropriately to indicate the approximate amount the hotel spends on marketing consultancies in one year.

Figure 4.14 Budget for marketing consultancies

Source; Researcher (2017)
The figure above indicates that approximate amount the hotel spends on marketing consultancies in one year 100, 00- 500, 000 with 48%, less than 100, 000 with 37%, more than 1 million with 1% and more than 5 million with also 1%. The capacity of the hotel as well as the accreditation of the hotel dictated the budget on consultancies. Newly established hotels and small hotels had lower budgets for consultation.

4.7.4 Consultancies and Performance of hotels

The effects of engagement of consultants on the following metrics of performance of hotels was established as follows;

Table 4.5 Marketing consultants on performance

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>Very great extent</th>
<th>Great extent</th>
<th>Average extent</th>
<th>Small extent</th>
<th>No extent</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining existing customers</td>
<td>32%</td>
<td>6%</td>
<td>15%</td>
<td>32%</td>
<td>16%</td>
<td>3.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Getting new customers</td>
<td>3%</td>
<td>7%</td>
<td>34%</td>
<td>41%</td>
<td>15%</td>
<td>4.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Improving customer experience</td>
<td>30%</td>
<td>15%</td>
<td>15%</td>
<td>33%</td>
<td>7%</td>
<td>3.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Lowering the cost of marketing</td>
<td>19%</td>
<td>27%</td>
<td>30%</td>
<td>18%</td>
<td>6%</td>
<td>3.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Introducing new customer relationship techniques</td>
<td>16%</td>
<td>33%</td>
<td>23%</td>
<td>21%</td>
<td>7%</td>
<td>3.3</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source; Researcher (2017)

The table above indicates that of marketing consultants on performance on maintaining existing customers’ very great extent with 32%, small extent with 32%, no extent with 16%, average extent with 15% and great extent with 6%. Getting new customers small extent with 41%, average extent with 34%, no extent with 15%, great extent with 7% and very great extent with 3%. Improving customer experience small extent with 33%, very great extent with 30%, great extent with15%, average extent with 15% and 7% to no extent. Lowering the cost of marketing average extent with 30%, average extent with 30%, great extent with 27%, very great extent with 19%, small extent with 18% and 6% to no extent. Introducing new customer relationship techniques great extent with 33%, average extent with 23%, small extent with 21%, very great extent with 16% and 7% to no extent. Engagements of consultants mostly helped the hotel performance by improving customer experience thus maintaining them and lowering the cost on most frontiers. A
study by Singh et.al (2007) pointed out that marketing consultancy leads to increase the awareness about the employees of Indian hotel industry and their opinion about the impact of employee turnover on hotel industry.

4.8 Growth of Hotels
The study established that the hotel in Kiambu County had recorded growth on the following parameters over a period of five years

**Table 4.6 Performance of the Hotel**

<table>
<thead>
<tr>
<th>Indicator/Year</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total annual sales</td>
<td>74%</td>
<td>3%</td>
<td>16%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Total declared profits</td>
<td>16%</td>
<td>10%</td>
<td>15%</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Total number of customer</td>
<td>18%</td>
<td>41%</td>
<td>21%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Capacity of the hotel (Number of customers the hotel can accommodate)</td>
<td>22%</td>
<td>10%</td>
<td>27%</td>
<td>35%</td>
<td>6%</td>
</tr>
<tr>
<td>Number of employees</td>
<td>13%</td>
<td>19%</td>
<td>40%</td>
<td>8%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source; Researcher (2017)

The table above shows the performance of the hotel in total annual sales 2016 with 74%, 2014 with 16%, 2013 with 6%, 2015 with 3% and 2012 with 1%. Total declared profits 2013 with 32%, 2012 with 27%, 2016 with 16%, 2014 with 15% and 2015 with 10%. Total number of customer 2015 with 41%, 2014 with 21%, 2016 with 18%, 2012 with 11% and 2013 with 10%. Capacity of the hotel (Number of customers the hotel can accommodate) 2013 with 35%, 2014 with 27%, 2016 with 22%, 2015 with 10% and 2012 with 6%. Number of employees 2014 with 40%, 2012 with 20%, 2015 with 19%, 2016 with 13% and 2013 with 8%. It’s an average, other factors apart from use of consultancies. The figures above are the average for all the hotels but for individual hotels had a bearing on their investments in the marketing activities investigated. Other intervening factors also contributed to the state of growth of the hotel including the capacity, ownership management expertise location positioning age of the hotel and decent accommodation status. Kiragu (2005) highlights performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key
financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Odhuno and Wadongo, 2010).

4.9 Effect of Marketing Activities Expenditures on Hotel Performance
Multiple regression analysis was used to establish the relationship that existed between marketing activities and performance of hotels. Multiple linear regression model was used as it allowed simultaneous investigation of the effect of two or more independent variables on a dependent variable. The results of the fitted model are presented in Table 4.7.

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.918a</td>
<td>0.844</td>
<td>0.814</td>
<td>0.35124</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), promotions, market research, customer relationship management and marketing consultancies

Source; Researcher (2017)

The study obtained a coefficient value of 0.918. This indicated a high degree of correlation between marketing activities and hotel performance. The R square value is the variation in the dependent variable being explained by the independent variable. The R square value was 0.844 implying that about 84.4% of the variation seen in the performance of hotels is explained by the variables in the study mainly; promotions, market research, customer relationship management and marketing consultancies. This further meant that only 15.6% of the variation seen in performance of hotels is explained by other variables which are not in the model.
Table 4.8: Model Analysis of Variance

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>13.977</td>
<td>4</td>
<td>3.494</td>
<td>28.323</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>2.591</td>
<td>21</td>
<td>0.123</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16.568</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), promotions, market research, customer relationship management and marketing consultancies

b. Dependent Variable: hotel performance,

Source: Researcher (2017)

From Table 4.8, results indicated that overall, the model obtained was significant. This is because the p-value obtained of 0.000 was less than both 0.01 and 0.05. Thus implying that at 5% level of significance, marketing activities useful in predicting the performance of hotels. Coefficients obtained by the study are shown in Table 4.8. As shown in then model, promotions had a coefficient of 0.126, market research had a coefficient of 0.025, customer relationship management 0.787, and marketing consultancies 0.175. The positive coefficients obtained indicated that all the variables had a positive effect on the performance of the hotels. Thus increasing the marketing activities would result in improved performance of the hotels. However, the only model that was established to be significant was the customer relationship management, as its p-value was less than 0.05. The predictive model thus adopted by the study was $Y=0.405+0.126X_1+0.025X_2+0.787X_3+0.175X_4$ Where: $Y =$ Performance of hotels, $X_1 =$ promotions, $X_2 =$ market research, $X_3 =$ customer relationship management, $X_4 =$ marketing consultancies
Table 4.8 Model Coefficients

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Std.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.405</td>
<td>0.578</td>
<td>0.702</td>
</tr>
<tr>
<td>Promotions</td>
<td>0.126</td>
<td>0.207</td>
<td>0.109</td>
</tr>
<tr>
<td>Market research</td>
<td>0.025</td>
<td>0.176</td>
<td>0.025</td>
</tr>
<tr>
<td>Customer relationship management</td>
<td>0.787</td>
<td>0.17</td>
<td>0.731</td>
</tr>
<tr>
<td>Marketing consultancies</td>
<td>0.175</td>
<td>0.142</td>
<td>0.188</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of hotels

Source; Researcher (2017)

Table 4.9 Summary output for growth of hotels

<table>
<thead>
<tr>
<th>Promotions</th>
<th>Marketing research</th>
<th>Customer relation management</th>
<th>Marketing consultancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.9%</td>
<td>28.6%</td>
<td>26.3%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)
The table 4.9 above shows that growth of hotels was significantly affected by spending on marketing activities. If growth of hotels was assumed to be at 100% according to the model, all the independent variables would significantly affect performance of spending on marketing activities lowering promotions by 30.9%, marketing research by 28.6%, customer relations management by 26.3% and marketing consultancy by 14.2%. Thus increased measures on these activities would result in improved performance of the hotels.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains summary of the study, conclusion and recommendation for policy makers and areas for further research. Data analysis and summary and conclusions were made in line to the study objective which was to determine relationship between spending of marketing activities and performance of hotels.

5.2 Summary of the Findings

The following are the summary of the findings in the study on the effects of expenditure on promotions, market research, customer relationship management and marketing consultancies on performance of hotels:

5.2.1 Marketing Promotions

The study determined the various marketing promotions put in place by the hotels in enhancing their performance. It was found that few hotels in Kiambu County had many marketing teams with only 4% had more than 15 members in team. Majority of the respondents agreed that the budget for marketing was inadequate with 52% indicating less than 100,000 annual budgets for marketing. About 66% of the respondents agreed that hotels in Kiambu County used local advertisements methods such as wall publication and through customers. On the relationship that existed between the study variables, promotions had a positive correlation of 0.334.

5.2.2 Marketing research

The study established that most hotels in Kiambu County apart from those near the capital carried minimal market research. Majority of the respondents 56% agreed that they rarely carry out marketing research. Also it was established that there’s low frequency of marketing research by hotels in Kiambu County with 52% agreeing to such proposition. The budget for marketing research is usually not available and adequate in most hotels in Kiambu County. Marketing research has a Pearson correlation of -0.305, and a p-value of 0.129.
5.2.3 Customer relationship management
The study established that hotels in Kiambu County did not invest sufficiently in customer relationship with 67% of the respondents agreeing that there were no department for customer relationship management. Also, it was established that most of the hotels in Kiambu County do not have budget for managing customer relationship with 42% of the respondents operating with over a million shillings for customer relation management. Most of the hotels in Kiambu has no specialized staff to deal on customer relationship management with 46% of the respondents agreeing to such proposition. Customer relationship management had a Pearson correlation of 0.910, and a p-value of 0.

5.2.4 Marketing consultancies
The study established that only few hotels in Kiambu County engaged in marketing consultancies. A majority of the respondents 56% agreed that they do not engage in it. The study established that hotels in Kiambu County engaged in different ranges of consultants but most were made on marketing plans with percent of 73% agreeing to such proposition. The study established that hotels in Kiambu County do not have adequate budget to fund marketing consultancies with only more than 1% having over a million shilling budget annually. Marketing consultancies had a Pearson correlation of 0.796, and a p-value of 0.

5.3 Conclusion
Based on the study findings, the study makes a number of conclusions. The study aimed to establish the marketing activities put in place by selected hotels in Kiambu County. The study concluded that budget for marketing and research influences the performance of hotels. Also, the study concluded that many hotels in Kiambu County have not been exposed to the importance of consultancies in marketing. The study concludes that adoption of promotions, market research, customer relationship management and marketing consultancies improve hotel performance. The study also concludes that most adopted promotions is penetration pricing on services, the most adopted marketing activity was making hotel brand visible to the niche market, existence of promotion activities. This is an indication that most of the activities have large extents of adoption. This may be due to the impact the activities have on both the effectiveness and efficiency of the operations.
The study also concluded that the marketing activities have a significant positive relation with the performance of the hotels. The study thus concludes that variation seen in the performance of hotels in Kiambu is explained by marketing activities which include promotions, market research, customer relationship management and marketing consultancies. Hence proper activities alignment and formulations will result in improved performance of the hotels. This is because planned marketing is the driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets.

5.4 Recommendations
From the findings, several recommendations are made. Hotels should have an appraisal system of the promotional activities they undertake to evaluate effectiveness of each and determine which ones to spend on. Hotels should develop a routine of conducting marketing surveys to ensure all aspects of performance are researched on. Hotels should keep date on all areas of performance and share with the staff. Marketing research and macro-economic variable should be studied and incorporated in marketing activities of hotels. Hotels should develop a culture of conducting surveys on existing customers to boost their customer experience and keep a record for action on weak areas. Customer relationship management should be made a institution wide philosophy and not a departmental issue. Consultants should be invited to train managing teams to keep the costs low.

The study thus recommends that the implementation process of these marketing activities should be given top priority during the strategy formulation process. Particularly, adequate time and resources should be allocated in ensuring that the activities are implemented successfully. Further, the marketing activities adoption should be supported by an understanding of the hotel industry structure, the needs of target customer segments, positional advantages being sought, and trends in the environment. This will consequently improve on the firm’s market revenue, share and profitability. Additionally, the organizations should focus more on the practices that are likely to accrue more benefits.
This should therefore go a long way in not only boosting but also improving the organization performance at large.

5.5 Recommendation for Further Studies

Several areas remain unclear and require further research. The study only focused on the existing marketing activities, without giving much consideration how they were implemented. The study thus suggests further research should be done on the implementation process of the marketing activities, also investigating the various challenges that may occur in the implementation. The study was only limited to hotels in Kiambu County. So as to enable generalization of the findings, the study suggests that further study to be conducted on hotels in other parts of the country. Additionally, a study could be conducted on other organizations other than the hotels such as the manufacturing sector so as to establish whether the similar phenomena prevails in these organizations.
REFERENCES


Simmons, R. L., & Simmons, R. (2015). *The Relationship between Customer Relationship Management Usage, Customer Satisfaction, and Revenue* this is to certify that the doctoral study by.


APPENDIX I: QUESTIONNAIRE

BACKGROUND INFORMATION

Tick appropriately to respond to the following questionnaires and supply additional information on the spaces provided.

1. State your gender.
   i. Male ( )
   ii. Female ( )
2. How long have you worked for this hotel.
   i. 0-2 Years ( )
   ii. 3-5 Years ( )
   iii. 6-8 Years ( )
   iv. more than 8 Years ( )
3. Indicate your highest level of education.
   i. PHD level ( )
   ii. Masters level ( )
   iii. Degree ( )
   iv. Diploma ( )
   v. Any other ( )

Specify……………………………………………………………………………………………………………………………………………………………………………………………

4. Indicate the department you serve in this hotel

…………………………………………………………………………………………………………………………………………………………………………………………………………………
PART ONE: MARKETING ACTIVITIES

1. Tick appropriately to indicate if this hotel undertakes the following marketing activities

<table>
<thead>
<tr>
<th>PRACTICES</th>
<th>YES</th>
<th>NO</th>
<th>I DO NOT KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Advertising for services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Marketing research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Customer relations management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Engaging marketing consultants</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART TWO: PROMOTIONAL ACTIVITIES

1. Does this hotel advertise to customers

   Yes ( )
   No ( )

b) If yes indicate the activities the hotel uses to market

   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   .........................

c) Tick appropriately to indicate the size of the marketing team

<table>
<thead>
<tr>
<th>none</th>
<th>2-5</th>
<th>6-10</th>
<th>11-15</th>
<th>More than 15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
d) Tick appropriately to indicate the approximate annual budget for marketing for this hotel

<table>
<thead>
<tr>
<th>none</th>
<th>Less than 100,000</th>
<th>100,00-500,000</th>
<th>More than 1 million</th>
<th>More than 5 million</th>
</tr>
</thead>
</table>

2. Indicate the extent to which marketing activities aid in the following performance indicators of the hotel using the scale provided.


| d) Maintaining existing customers | 1 | 2 | 3 | 4 | 5 |
| e) Getting new customers | | | | | |
| f) Increase in profits | | | | | |

PART THREE: MARKETING RESEARCH

3. Does this hotel conduct marketing research

Yes ( )
No ( )

b) If yes indicate the frequency the market research is conducted in a year

Once ( )
Twice ( )
Three times ( )
Many times ( )
c) Tick appropriately to indicate the approximate annual budget for research for this hotel

<table>
<thead>
<tr>
<th></th>
<th>Less than 100,000</th>
<th>100,00-500,000</th>
<th>More than 1 million</th>
<th>More than 5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Indicate the extent to which market research activities aid in the following performance indicators of the hotel using the scale provided.


<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Maintaining existing customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Getting new customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Increasing sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PART FOUR: CUSTOMER RELATIONSHIP MANAGEMENT**

1. Do you think this hotel invests sufficiently in customer relationship

Yes ( )

No ( )

b) If yes indicate the activities the hotel uses to manage relationship with customers

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

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.........................

b) If yes indicate the activities the hotel uses to manage relationship with customers

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

........................................................................................................................................


b) If yes indicate the activities the hotel uses to manage relationship with customers

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

........................................................................................................................................

.........................

c) Tick appropriately to indicate the size of the staff employed in customer relationship department

<table>
<thead>
<tr>
<th></th>
<th>2-5</th>
<th>6-10</th>
<th>11-15</th>
<th>More than 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|
d) Tick appropriately to indicate the approximate annual budget for the customer relationship department

<table>
<thead>
<tr>
<th>none</th>
<th>Less than 100,000</th>
<th>100,000-500,000</th>
<th>More than 1 million</th>
<th>More than 5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Indicate the extent to which customer relationship activities aid in the following performance indicators of the hotel using the scale provided.


<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART FIVE: MARKETING CONSULTANCIES

1. Does this hotel engage consultants in its marketing activities

Yes ( )

No ( )

b) If yes tick appropriately to indicate if the hotel has ever engaged consultants to undertake the following activities

a) Make marketing plans ( )
b) Undertake marketing surveys ( )
c) Undertake marketing forecasts ( )
d) Advise on customer relationship management ( )
d) Tick appropriately to indicate the approximate amount the hotel spends on marketing consultancies in one year

<table>
<thead>
<tr>
<th></th>
<th>none</th>
<th>Less than 100,000</th>
<th>100,000-500,000</th>
<th>More than 1 million</th>
<th>More than 5 million</th>
</tr>
</thead>
</table>

3. Indicate the extent to which use of marketing consultants aid in the following performance indicators of the hotel using the scale provided.


<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Maintaining existing customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Getting new customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Improving customer experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Lowering the cost of marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Introducing new customer relationship technique</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PART SIX: PERFORMANCE OF THE HOTEL**

1. Kindly indicate the recorded performance of this hotel in the following areas in the last five years

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Total annual sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Total declared profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Total number of customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Capacity of the hotel (Number of customers the hotel can accommodate)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Number of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX II: LIST OF HOTELS

1. Scenic View Hotel and Resort
2. The Luke Hotel CRAVERS Thika
3. Rainbow Ruiru Resort
4. Monalisa Hotel Thika
5. Thayu Farm Hotel
6. Brackenhurst Hotel and Conferences
7. Phoenicia Hotel
8. Wida Highway Motel
9. The Limuru Gardens
10. Reymark Hotel
11. Comfortable Homestay
12. Limuru Road Express Hotel