



ST. MARY'S UNIVERSITY SCHOOL OF
GRADUATE STUDIES
MARKETING MANAGEMENT GRADUATE PROGRAM

**FACTORS AFFECTING CUSTOMER RETENTION IN
HOTEL SERVICE IN ADDIS ABABA THE CASE OF
WABE SHEBELE HOTEL**

BY: SARON GIRMA

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ADDIS ABABA, ETHIOPIA

**THE FACTORS AFFECTING CUSTOMER RETENTION IN
HOTEL SERVICE IN ADDIS ABABA THE CASE OF WABE
SHEBELE HOTEL**

**A THESIS SUBMITTED TO DEPARTMENT OF MARKETING
MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF MASTERS OF ARTS IN MARKETING
MANAGEMENT**

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December 2018

ADDIS ABABA, ETHIOPIA

DECLARATION

I, **Saron Girma**, hereby declare that the thesis titled “**Assessment of Factors Affecting Customer Retention in the Hotel Service in Addis Ababa, the Case of Wabe Shebele Hotel**” submitted to St. Mary University, School of Graduates Studies, Department of Marketing Management, in partial fulfillment of the requirements for the award of **Masters of Art Degree in Marketing** is a record of original and independent research work done by me under the supervision and guidance of **Dr. Mohammed Mohammednur**. The ideas and views of other researchers have been duly expressed and acknowledged.

By: Saron Girma

Signature: _____

Date: _____

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By: Saron Girma Legesse

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LIST OF ACRONYMS/ABBREVIATIONS

ANOVA Analysis of Variance

Abstract

Many researchers and academicians have been highlighted the importance of the customer retention. In today's competitive markets, an aggressive competition between hotels is seen more than in the past. The relationship with customers and its management are significant factors to win this fierce competition.

Thus, this study was carried out to investigate and to address the gap, the factor of customer retention and how they affect the retention strategy in wabeshebele hotel by taking in to account increasing the number of modern hotels in Addis Ababa, Ethiopia.

This study used both quantitative research approaches to analyze factors affecting customer retention. Explanatory research was used to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon. Moreover, this design is used to identify the most significant variables that respondents consider in customer retention. Descriptive research will be used to describe the demographic characteristics.

In this study, simple random sampling techniques are applied in determining the participants that makes the researcher to answer the research questions and to meet the research objectives. The rationale behind using simple random technique is because each member of population will have equal chance of being selected.

Findings show that the effect of all variable on the customer retention of wabeshebele hotel is moderate level as observed by its customers. Hence, it is confident to conclude that, the effect of selected variables of customer retention strategies at wabshebele hotel are at the moderate level.

Keywords: *Customer Retention, Wabeshebele hotel*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Customer retention is maintaining the existing customer rather than attracting new. According to Kotler (2003) asserted that acquiring new customers could cost five times more than the cost of satisfying and retaining customers. Thus, as the finding shows that the hotels better to work on retention strategies because most of customers are agree to continue with the hotel.

A lot of studies were accomplished related to this important issue. Many researchers and academicians have been highlighted the importance of the customer retention. Colgate and Kinsella (1996), Woodruff (1997), and Jones et al. (2000) investigated that most valuable asset for the companies is their existing customer.

Other researchers such as Reichheld and Sasser (1990), and Fornell (1992) exposed that longer customer associations are pleasing for the reason that they are very lucrative or profitable for organizations. Albinsson and Hansemark (2004) said satisfaction is a customer perception about the organization services.

Reichheld&Sasser (1990) and Storbacka et al. (1994) explored that the “more the customer stays with the existing organization, the more utilizes the organization product as a result; it is very beneficial for the organization to build a longer relation with the existing customers.

Storbacka and Gronroos (1994) explored that consumers also rely on a number of other aspects. These consist of a wide-ranging of product options, better expediency, good prices, and increased returns. Garbarino and Johnson (1999) disclosed trust as a positive effect for retaining the existing customer.

Eppie (2007) explored that customer satisfaction and trust are significant factors to increase the customer retention. Andreassen (1999) investigated that the corporate image has a significant positive impact on the customer retention.

For product or services with long purchase time the customer purchase the product or services over a next occasions or the regular basis this is basically called the customer retention this two situation is called the customer retention according to the Get and Thomas. In this line, Payne (2000) states that the customer retention explains the percentage rate at the start of the time period and the customer who still remain customer in the end of the time period.

Customers are very crucial part of the success of any company. Their satisfaction with a purchased Product or service influences their decision to purchase it again. This holds true for the companies in the hotels industry satisfied customers prefer to return to the same hotel or restaurant if they really liked it.(Shimekit Kelkay Eshetie, Wondoson Seyoum & Seid Hussen Ali, 2016)

Customer retention will make through raising the switching barriers and it will be a great benefit to the hotel as it operates as free endorsement to them. There are so many hotels all over around Ethiopia. And wabeshebele hotel is one of earliest hotel in the country.

The purpose of this study is assessing the factors affecting customer retention in Wabeshebele hotel service through questionnaire and giving idea to improve the hotel retention strategy. Even though many researches were done in this area, still there is lack of adequate information about customer retention. And I can't access adequate researches regarding customer retention in service organization and this research can assist the hotel and also for the other service organization to understand the customer retention factors and to formulate Better strategies.

1.2 Background of the Organization

Wabeshebelle is a landmark hotel in Addis Ababa owned by the grand sons of the late Emperor Haile Selassie. The hotel started operations in 1968 (G.C). In the last 44 years of its life span, it has passed through three administrative regimes an imperial period, a socialist period and the current market based economic period. Currently the hotel is a 100% private owned entity.

The hotel Located in the very heart of the city just steps from Mexico Square, in short distance to the AU headquarters, and only 10 minutes' drive from Addis Ababa International Airport.. The hotel takes a friendly approach to hospitality and widely known by guest as a “friendly place to stay”

As well-appointed comfortable hotels in Addis, Wabe Shebelle offers outstanding good value for money in prime central location.

Wabe Shebelle features 95 guestroom with a choice of suites, single and twin rooms most with private balconies. All rooms are equipped with TVs, Private bathrooms and wireless internet connection.

Guests can enjoy at their leisure a beautiful Garden restaurant serving Ethiopian cuisine offering both indoor and outdoor seating. The hotel also offers a Lobby lounge for light fare dining, for a sophisticated relaxed dining experience; the hotel offers segenet a restaurant Located on the 11th floor with a 360 view of Addis Ababa offering continental European Cuisine.

For Meetings and social events, Garden hall holds up to 600 guest, red salon 100 and restaurant holds up to 350 guest with a full range of audiovisual equipment and support services. Wireless internet access is available throughout.

With its convenient location, guest can reach the main entertainments and shopping district within a short walk, including the famous National Theater and Meskel Square. The Au headquarter is located within five minute drive for the hotel.

1.3 Statement of the Problem

In today's competitive markets, an aggressive competition between hotels is seen more than in the past. The relationship with customers and its management are significant factors to win this fierce competition.

In Ethiopia there has been an increase in number of modern hotels with subsequent competitive pressures, which bring about the importance of customer retention to the hotels. Customers have always been complaining on issue of service quality, implying that hotels have not been able to meet what they promise. This has led to an increasing trend in customer switching between hotels and from one hotel to another, which signals that the hotels failed to meet customer expectations.

The customer retention idea is very important for the hotel to maintain the old customer and attract the new customer. Customer need is unlimited. Because of that it may be difficult for companies to retain the old customer. For that reason hotels are targeting their consumers through quality services and by offering different packages regarding the importance of retention of the consumer and building long lasting relationship with the consumer.

A service has intangible nature, that is takes place between the customer and service provider or it may include physical goods like food, drink and other thing, which are provided as solutions to customer problems.

There are a lot of researches regarding customer retention in hotel industries.

Gets and Thomas (2001) state that customer retention occurs when customer purchases a product or services in again and again this phenomenon is called customer retention over an extended period of the time. For product or services for short purchase time the customer purchase the product or services over a specified time period.

The reason behind choosing this study is to address the gap affecting customer retention and how they affect the retention strategy, by taking wabeshebele hotel as appoint of reference. As a result of increasing the number of modern hotels in Addis Ababa, Ethiopia. It might be difficult to get customer and retain them. So the hotel use different retention strategy by assessing the factors that affect customer retention.

1.4 Objective of the Study

1.4.1 General Objective

To study the factors that influence customer retention in Wabeshebele hotel

1.4.2 Specific Objectives

- To analyze the influence of Brand image on customer retention.
- To determine the influence of Service Charge on customer retention.
- To measure the influence of Promotion on customer retention.
- To determine the influence of Service Quality on customer retention.
- To examine the influence of Customer Loyalty program on customer retention.

1.5 Hypothesis

Based on the statement of the problem and objective of the study, the following hypotheses are invented.

H1: There is a significant impact of Brand Image on customer retention.

H2: There is a significant impact of Service Quality on customer retention

H3: There is a significant impact of customer loyalty programs on customer retention

H4: There is a significant impact of Service Charge on customer retention

H5: There is a significant impact of Promotion on customer retention

1.6 Significance of the Study

The finding and recommendations of the research may significantly contribute

- To suggest possible solution for the proposed problem that the hotel may take in order to tackle constraints related to attracting new customers and retaining existing customers..
- To academia by recognizing the issue(s) that influence Customer retention in hotel industry in our country context.
- Create an opportunity for the researcher to assess the subject matter.

1.7 Scope of the Study

There are a number of hotels in Addis Ababa ranging from small and local hotel to large and international hotel, Because of time, access, cost and other restriction the study population is limited only in WabeShebelle hotel. Furthermore this research focuses only on factors related to brand image, service quality, customer loyalty program , Service Charge ,promotion, which may determine Customer retention.

1.8 Organization of the Research

Chapter one, a basic understanding of the research is introduced. Basically it consists of definition of the topic discussed, followed by the view and perspectives worldwide. Then statement of the problem and the research objectives also introduced in this chapter. Subsequently, the justification of study is done to explain the benefits and to provide better understanding that can be gained from this study. Lastly, a brief explanation of the entrepreneurship is also included in this chapter.

Chapter two is the literature review which will attempt to present a review of which hotel industry are and identify the factors that influenced customer loyalty. This chapter is mainly about reviewing the relevant contributions from the past researches. For this chapter, articles, and dissertations will be used to strengthen the points mentioned.

Chapter three is the research methodology which provides a description of the methods used in this study. It explains the types of data collected and how it will carry out to arrive at the conclusion. The descriptions on sampling data, data collection are included in this chapter.

Data analysis and interpretation of the study will follow this chapter. Finally chapter five emphasizes on conclusion and recommendation of the study.

CHAPTER TWO

2 REVIEW OF RELATED LITERATURE

2.1 Customer Retention

The importance of Customer retention is defines by many researchers.

According to Gronroos (1994) a complaint must focus on retaining customers is one of the best tips says. A mind that customer complaints and customer testimonials to discover more about the product helps keep right and that should always be considered. The same author, (1990) notes that the event marketing customers to maintain an expensive option, but it says it works. Event, seminars, discussion groups and can be by conference. Customers also active on these events can be invited to participate. Business activities to create a good reputation and people tend to trust well-known organization. Customer Service with a smile is respected and feels comfortable and can control any untoward situation helps.

According to Bolton (2000), customer loyalty programs to their customers as loyal are going to help the organization to maintain. Some points to reach a common loyalty program or participating hotel to spend a specific amount of customers who reward points, discounts and customer subscription includes. Hoteliers use technology related loyalty programs. To help foster loyalty, hotel reservations and other information to access a WAP-enabled device that provides a regular guest. Internet use by hoteliers to develop loyalty online personal web site, e-mail coupons and e-mail marketing allows you to create.

Richards (1996) has served the hospitality industry that can add value high quality and amicably so will lead to customer retention and loyalty that is one of the main factors within the control recognizes the United States, good picture quality as well as service from their competitors differentiate themselves and retain loyal customers and loyal to their ability to achieve key hoteliers.

Gronroos (1991 and 1994) state that services are intangible activities or services of activities that are more or less intangible in nature normally, take place between customer and services and services provider, which are provided the customer problem solution. On the other side, Zeithaml and Bitner (1996) state that services is an activity that are happening between the customer and services provider .other factor which play an important role in the services activities that are physical resources and the environment.

According to Trott (2001) a well brand oriented hotels need to take into consideration issues such as customization, experiences provision and emotional bonds with its guests in its function and that is the reason why we chose to study the issue of brand as a way for a mid-scale hotel to achieve emotionally bonded guests.

Brand is according to Chernatony (1997) a guarantee for consistent service quality and risk reducer, it is the value that the traveler receives, and it is an identity that distinguishes the hotel from the others.

Moreover, the brand according to Kepfehrer (2004) is based on a relationship between the hotel and the guest. It seems worthy therefore for a mid-scale hotel to focus on building a strong brand.

The retention of customers depends on the business image of the hotel or organization. The hotels need to portray a positive business image in order to retain customers or to have loyal customers. This entails provision of quality services, recognition of customer needs, and utilization of technology in providing the products and services to the customers. (Boubakri et al, 2013).

2.2 Factors Influencing Customer Retention

According to Reichheld (1996) 5% increase in customer loyalty can produce 25-80% rise in profits advised. He added that the profit derived from a single customer during the business relationship that grows argued. 60% of new customers to increase sales in the form of customer loyalty, customer recommendations could be attributed. Furthermore, the same author notes that a 5% increase in customer retention produces 75% of the current value argument. He said most businesses that says loyal customer willing to pay premium prices. The benefits of long-term loyal customer supplier relationships in a hospitality firm might therefore cleared headed.

According to Prabhu (2003) the customer retention customer satisfaction and quality services are the pre-requisites and significant impact on purchase intentions says. Maintained or be loyal to a customer and hotel patronage factors include: satisfaction, quality service, brand image, service performance, customer identification, positive experiences, flexibility and technology

Service charge

A consumer might perceive a lower priced product to be considered “cheap” or having low quality, whereas a different consumer could potentially see the low cost as a good value (Hruschka, 2002; Lambert, 1972).

According to Peter and Donnelly (2007), the price of products and services often influences, whether consumers will purchase them at all and if so, which competitive offering is selected. For some offerings, higher prices may not deter purchase because consumers believe that the products or services are highly quality or more prestigious. However, many of today’s quality conscious consumers may buy products based on price than other attributes. Therefore, a better understanding of how customers use price information in choosing among alternative brands within frequently bought product categories helps to evaluate it and knowing the intensity as compare to other factors or reasons.

Popular pricing strategies amongst companies (Cataluna et al. *ibid*) are used by retail establishments as an advertising appeal to attract consumers and add the advantage of ensuring consistency in sales (Alvarez & Casielles, 2005). Furthermore, the use of simple, one-dimensional prices, quoting a single figure (e.g. a standard R10.00), has made way for odd-even pricing (or psychological pricing) strategies aimed at exploiting particular information elaboration processes or perspective biases associated with specific price presentations (Boonlertvanich *ibid*). For instance, instead of pricing the product at a standard R10.00, the product is priced at R9.99. This creates an impression that consumers are paying a lower price for the product, leading to an acceleration of sales (Lamb et al., 2008). Often, marketers are also faced with the predicament of introducing either a fixed price or a discounted price (Abedniya, 2011). A fixed price offer suggests to a consumer that the price is non-negotiable or will remain constant whenever they decide to purchase the product (Ahmad & Vays, 2011; Nagle & Holden, 1994). The discounted price system denotes that the price of a product may be reduced marginally as and when necessary to encourage more sales (Leisen & Prosser, 2004) whereas the fixed price offer implies that the product is excluded from consumer promotions or price discounts (Boonlertvanich, 2009). Overall, it is important for marketers to choose price communication strategies, both at the point of sale and by the means of various media forms, which are capable of drawing consumers’ attention to the product’s value and thus inducing them to buy (Romani, 2006). Since price is an important instrument in shaping the performance and

ultimate destiny of both the product as well as the company, it is logical to expect a positive and predictive relationship between price and brand loyalty (Dhurup&Dumasi, 2014).

Promotional Mix

Advertising is defined as any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor.

Among components of marketing integrated communication model, advertising has more identified position than the other marketing components, because costumers informed new products through advertising in addition, advertising is minimized barriers between costumers and organization (blech, 2001).

Promotions framed as gains have the benefit of being segregated from the reference price, whereas promotions framed as reduced loss are seen as merely reducing the purchase price. In addition, if non-monetary promotions do not affect reference prices, they may not be seen as lowering the perception of quality or image for the brand (Sinha & Smith, 2000). Consumer sales promotions also have been classified by their effect at a cognitive and emotional level; that is, utilitarian or hedonic. Monetary promotions (e.g., coupons, rebates) primarily are related to utilitarian benefits, which have a functional and cognitive nature. Utilitarian benefits are primarily instrumental, functional, and cognitive; they provide customer value by being a means to an end. Hedonic benefits are non-instrumental, experiential, and affective; they are appreciated for their own sake, without further regard to their practical purposes.

Another way of promoting brand is sponsorship as a money-making and stretchy means of communication, useful to achieve a large range of objectives by the company. Sponsorship may include sponsoring a groups or teams, events, charities, individuals, buildings and TV program for building strong brand image. Sponsorship or allowing sponsors is to make the greatest use of the investment of the company and relationship between them. There are three basic elements can be seen in sponsorship: first one is audience/consumer, second is the sponsor, and then at last the event. However audience that is gathered in the event plays a significant role throughout in the process of sponsorship of a company.

Gwinner (1997) stated that sponsors express the images of the sponsored one activity or event that are going to be a part to the sponsoring brand or the event. Sponsorship has definitely

become one of the most important practices/task all over the world (Bal; Quester, and plewa, 2010). According to (Amoako et al, 2012) sponsorship involved behind or supporting an event, activity or is of organization by providing money to the sponsored event particularly and is a tool to construct and improve company image or the name of the company. Sponsorship of a sport personality is based on the faith that the brand sense consumers attach to the sport star can be transferred to the sponsoring brand of a particular company (Duncan, 2005; Tony, 1991) as cited by Sajid et al. (2014).

Customer Loyalty

True customer loyalty can be defined as customers' resistance to competitors' offerings (Gundlach et al., 1995) and the persuasive tactics to attract new customers (Dick and Basu, 1994).

Loyalty to the brand or supplier regardless of whether the type or base, implies undoubtedly one of the strategic assets of the company. If customer loyalty program used properly, it can be a potential source of additional value for the company, and consequently an essential element competitive advantage. Customers who longer remain with the company are showing higher profits Kotler (1999).

Loyalty Reward Program

Customers want some benefits for continuing to do business with the same company, especially when they have their choices. Therefore, offering bonuses, discounts and other forms of special attention can not only retain them from going away, but may also be the reason for positive word-of-mouth (Houlihan and Harvey, 2012). Recently, reward programs became more common instruments for managers to gain customer loyalty. Furthermore, when firms want to maximize customer retention, they may try to use a marketing instrument like a reward program. The aim of a loyalty reward program is to reward clients for continual purchases so the firms can build customer retention (Yi and Jeon, 2003). Loyalty reward programs have been defined as the efforts of suppliers to provide the customers with a reward to increase loyalty incentives (Sharp and Sharp, 1997).

Benefits of Customer Loyalty

Having a loyal customer gives the company a lot of benefits, which could include, among others

D. Aaker (1991)

- Possibility of reducing of marketing costs - costs of maintaining the satisfaction of existing - loyal customers are less than the cost to acquire new ones. Potential consumer needs motivation to change their existing brand, even if the notes alternative of purchase. The manufacturer must provide him compelling reasons to buy and use a different brand. It is estimated that the cost of maintaining an existing customer is six times lower than the cost of finding a new one J. Griffin.
- Increasing the efficiency of commercial activities, for example, by maintaining a high level of sales, the possibility of achieving higher prices, to gain a strong bargaining position against the brokers, or better places in the shop (this benefit is particularly important when introducing new forms / varieties of the product).
- Attracting new customers - satisfied customers and committed to the brand is a guarantee for a new customer, especially when he considered the purchase involves some risk; make recommendations, they influence the buying decisions. Loyalty can be equated with the mother of all profitability engines. If loyal customers are happy customers, then it is likely they are unpaid ambassadors for a company, spreading the word on how wonderful it is to do business with the company. That saves the company real money in reduced customer acquisition costs.
- Increasing awareness of the brand - by the fact that existing customers have and use of the brand, they increase its brand awareness. Consumers tend to select brands they perceive to be quality brands. This also connects to repeat buying or brand loyalty. Consumers tend to continue buying brands that reward them with a good experience versus repeating the evaluation process time after time
- The creation of significant barriers to entry for competitors - loyal customers are not price sensitive and easier to accept price increases for their preferred brand, they also give the time to react by the company for share rivals, do not resign immediately from the brand but give it time to make improvements, even those that have already applied the competitor.

Brand Image

A brand name is the base of a brand's image. Brands with strong images are able to influence customers' choices and control the marketplace. While the image associated with a brand name can be built with advertising over time, brand managers realize that a carefully created and chosen name can bring natural and instant value to the brand. Unrelated brand names contain no product meaning, create no constraints on the goods and services they can represent, but they often serve as poor reminders for communication effects stored in memory (Keller, 1987; Keller, 1991). Forming associations between the brand, the product, and its attributes should be the foremost task for emerging brands (Krishnan, 1996). According to Kohli and Thakor (1997), brand name is the creation of an image or the development of a brand identity and is an expensive and time consuming process.

Image is of extreme importance to service firms and that to a great extent, customer's assessment of the services they received is determined by image (Gronroos, 1984).

Service Quality

Quality is often associated with satisfied or preferably "delighted" customers (Bergman and Klesjo, 2003). It is the general impression of the relative of the relative inferiority or superiority of the organizations and its services (Bitner and Hubbert, 1994).

The quality of a product affect the consumers' ability to make a decision, because the consumer always expecting a good quality product at reasonable price (Keller, 2004). Quality refers to the degree of excellence in product or service. Quality is the most significant factor that influencing customer satisfaction and it is considered as the ability of the product to perform it specific function (Fornell, 1996). Quality also can be defined as company's ability to conform to the requirement or needs of consumer. The interaction of product meeting or exceeding consumer expectation based on its performance is how quality is evaluated (Fornell, 1996). Performance specification generally defined how quality is judged for product. The antecedent of perceived product quality is customer expectations. Customers have certain expectations before they buy a product and even after they buy that product. The quality of the product is judged on the basis of how it meets those customer expectations. If the product totally meets customer expectations or maybe surpass expectations, it will be perceived by the customer as having very high quality. If

product meets most of customer expectations, the product is also seen as having high quality. On the other hand, when product do not meet most of customer expectations it is perceived as having low quality while if it fails to meet customer expectations in any way, it is will be perceived as having very low quality.

Literatures and studies found out that the perceived quality is the major factor that enables consumers to loyal one brand over another. Quality is important for affecting brand loyalty. Because it is the portion of personal risks that a consumer takes on the decision-making process and in evaluating the purchase of a product (Hoyer and MacInnis, 2010). Moreover, Bornmark et al. (2005) found out that perceived quality help consumers to reduce the risk; the consumers trust the brand and know what they will get. Product quality allows a firm put itself distinctively in the market and charge higher price to consumer. High price for branded products are justified by consumer quality assumptions that come with the brand name. In addition it gives a competitive advantage with leads to gain in profit margin and market share. Branded products are further expected to show evidence of higher quality compared to non-branded products, and premium brands should display even greater levels of quality (Woodside, 2009). It is because branded products represent a set of promises to consumer (Keller, 1993).

“Service quality is a critical issue in the service industry” (Stafford, Stafford and Wells, 1998) and of particular importance for English training providers who characteristically offer English courses which are homogeneous in nature. Moreover, service quality is both directly and indirectly related to loyalty through satisfaction (Bloemer, De Ruyter and Peters, 1998). Therefore, those companies which deliver quality of services better than their competitors would surely have greater possibilities of success. In order to understand the level of service quality of an education firm, a measurement should be established. However, quantifying service quality is not simple and too subjective.

A reason for customers to switch is that companies fail to provide the better and effective customer service to them. These services include “pre-sale service and post- sale service” (Lewis & Mitchell, 1990). If customers are not satisfied with customer service of the company, it will force them to change the supplier. Service quality is very important for the retention of the customers and have positive relationship as if firms provide service according to the customer requirement than it will also retain the customer as well as lowering manufacturing costs and

improving productivity. “Service quality is consumers’ judgment about the overall excellence or superiority of products” (Zeithaml 1988). The design and implementation of service delivery processes plays a very important role in the overall competitiveness of modern organizations. Roth and Jackson (1995) provided clear evidence that process capability and execution are major drivers of performance due to their impacts on customer satisfaction and service quality in education firm.

Bearden and Teel (1983) found a positive relationship existing between service quality and customer satisfaction. The positive relationship between service quality and customer satisfaction creates true customers, increase efficiency, market shares, and profits, heavy sales volume, higher revenue, and reduces cost by economies of scales, and retain customer”.(Anderson and Sullivan 1993) Satisfied customer do not often switch their service providers and therefore, the cost of retaining existing customers is significantly lower than attracting new ones. These customers may also spread their satisfaction by positive word of mouth which influences non-existent customers’ desire to engage with the organization and work as free promotional agents (Gronroos 2007, Zeithaml and Bitner, 2000)

The positive effects by practicing service quality models are a competitive differentiation that favors the enterprise, chances of potential growth, better employee morale, customer loyalty and retention, customer satisfaction, economic growth and profits, employee motivation and vision, favorable advertising, greater productivity and minimization of loss for the customers.

The evidence that customer loyalty makes an organization more profitable makes it imperative that complaints and other unfavorable behavioral intentions should be handled effectively and timely to ensure the stability of these relationships. It is important for organizations to also acknowledge that customers may also switch because of the attraction of competitors that are providing better service, more personable service or higher quality. In this case, customers are not switching because of unsatisfactory service. Managers of service firms should know that some customers would still switch services even when they are satisfied with a former provider (Keaveney, 1995)

2.3 Empirical Literature Review

According to study conducted by (Shimekit Kelkay Eshetie, Wondoson Seyoum & Seid Hussen Ali, 2016) found that the hotels service had a gap in dimension of responsiveness, communication, tangibility, reliability and confidence.

This implies that the customers' perceptions falls short of their expectations. These hotels should strive promptly to close these gaps by identifying the causes In order to close these gaps the hotel should consider the following steps with regard to their staff and management. The authors also recommend that the hotels should Train them, and incorporate them into their work team, they don't want to lose them. They need to motivate them so they stay and do their work well.in addition to that hotels should introduce improved communication flow that would enable staff to deliver what customers expect more promptly and to provide information to management about customers' expectations so that necessary changes would be made.Maintaining a good Management information system by assembling as much pertinent information as necessary about the customers and their expectations this helps to increase competency and customer retention.

Among these, study conducted in Syria by Samaan Al-Msallam ,(2015)said that marketers should improve the hotels brand strategy that relates to aspects of how the branded hotel can provide a solution to their customer's needs and expectation, the good impression of visiting their hotel, and the effectiveness of the brand. Price is the necessary Sacrifice that a customer gives to exchange for the service. However, if consumers are only satisfied with the service and price provided by a firm, they may only repeat visiting habitually, but without true loyalty. Thus, the best strategy for a marketing manager in mobile industries is to ensure the basic quality of services sold at a fair price, then emphasize brand image to provide added values in order to maintain customers.

The study conducted by (Johan Dawes, 2009) also found that the expensiveness of the product was negatively associated with customer retention. Although not surprising, this represents knowledge development in the service area. In this study, expensiveness was distinct from the price increase to the customer from one period to another and reflects the amount paid relative to the coverage the customer received on the policy. Some customers pay more for what they receive, which has a negative association with retention. This is a useful confirmation of Bolton and Lemon's (1999) findings relating to payment equity. Indeed, this finding highlights that the

relative expensiveness of the service among individual buyers can be used in further research on price and retention in service contexts. Marketers should be aware that while some customers pay a premium for their service, which at face value is desirable for the firm, such customers appear more likely to lapse.

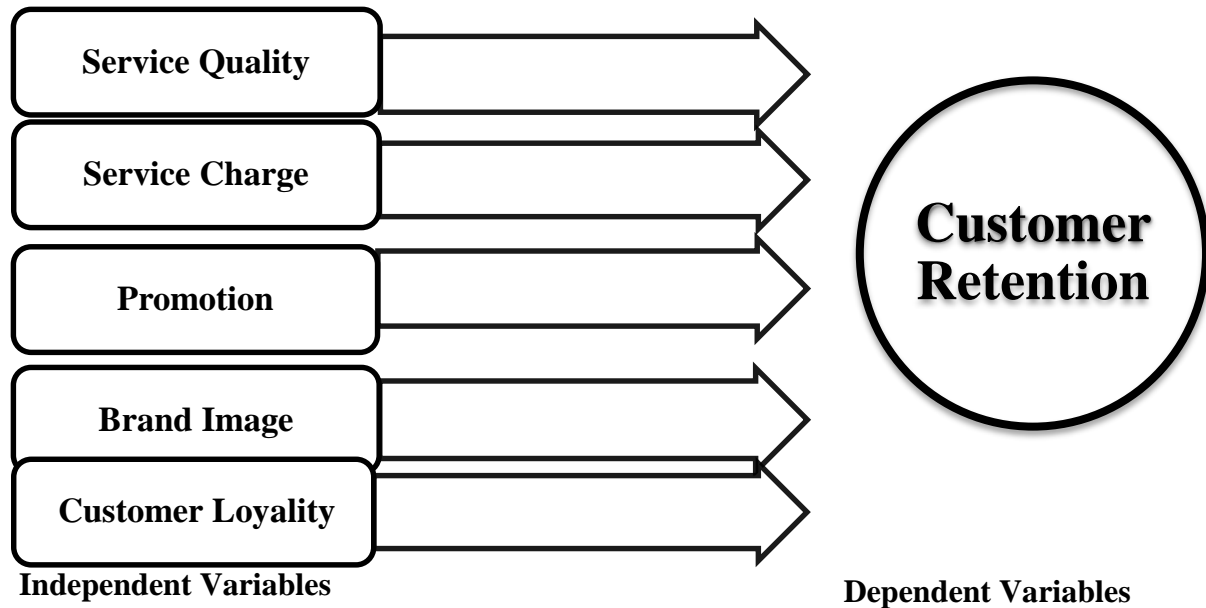
According to a study conducted in Nigeria by A. Y Dutse and Bello Ayuba (2015), said that Customer satisfaction in hospitality business is very much prejudiced which the service is delivered. It is a very important fraction of hotels management and can be done successfully with effective marketing mix decisions, if one keeps in mind the important of the application of marketing mix strategies in the business. The evaluation of the marketing efforts could help in shaping which strategies are the cost important to use in satisfying the hotel guests more effectively and efficiently. This in a great way will contribute towards improving the efficiency of the strategies that are being used by recognizing the present dissimilarities between real outcomes and anticipated performance. All this in turn will surely help determine the most probable and expected causes for success or failure of any hospitality business. The implication of this to the study is that hotels that apply the right marketing mix strategies are likely going to perform better than those without effective marketing mix strategies as those with good application of marketing mix strategies will gain competitive advantage in the environment while those without effective mix strategies will fail in competition.

According to study conducted in Jordan by Magatef, D. G., & Tomalieh, D. F. (2015.) ,said that loyalty programs are useful and important for building and maintaining customer retention. That means customer retention is benefited form the basis of all loyalty program initiatives.

According to the thesis conducted by Mulugeta Negesu Nigusu said that factors (Tangibility, Responsiveness, and Customer Satisfaction) have a significant effect on customer retention towards the banking industry in Addis Ababa. On the other hand customer satisfaction has significant effect to increase the customer retention.

The study conducted by Njane, J. G. at Barclays bank of Kenya found that customer retention in banks is influenced by the corporate image of the banks based on the stability, familiarity and reliability. The retention of the customers is also influenced by the competitive advantage of the bank through advertisements, unique and distinctive products and competitive pricing.

Figure 2.3.1 Conceptual Framework



Source; Researcher

2.4 Conceptual Framework

The framework for the research that the factors of customer retention in the hotel service the independent variable and the customer retention is the dependent variable. The independent variables of that factors which attract customer retention in the hotel service are brand image, service quality, customer loyalty program, service charge and promotion. On the other hand customer retention is the dependent variable.

Based on the existing theories and ideas in the literature, the research formulated an inclusive research framework. This framework illustrates the interaction between the independent variables and the dependent variables. See figure 2.3.1

CHAPTER THREE

RESEARCH METHODOLOGY

3 Introduction

This chapter presents the research approach that was adopted in the study. It explains in detail. The research methodology utilize and its justification for the purposes of this study. This chapter also discusses research design, research approach, and population and sampling techniques. It further addresses the types of data and instrument of data collection and concludes with the ethical standards and procedures of the study.

3.1 Research Design

This study is trying to explain factors that affect customer retention. This study used a mixed method research design to analyze factors affecting consumer retention. Explanatory research was used to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon. Moreover, this design was used to identify the most significant variables that respondents consider in customer retention. In addition to this Descriptive research was used to describe the demographic characteristics.

3.2 Research Approach

Research approach is a method employed for collecting data to address the research questions of interest. One of the most common ways to classify research approach is to make a distinction between quantitative and qualitative research (Myers, 2009). The Research approach for this study is quantitative which is related to objective measurement and statistical analysis of numeric data to understand and explain phenomena (Ary, et al., 2002). In this research, data is quantified and statistical methods also used in the data analysis that aims to give a result that are representative to the whole population. The primary goal of this research approach is to seek evidence about a characteristic or a relationship and to use statistical inference to generalize obtained results from a sample to a population (Patrick, 2008).

3.3 Population and Sampling Techniques

3.3.1 Target Population

The target population of this study comprise all individual, who are customers of wabeshebelle hotel.

3.3.2 Sample Size and Sampling Techniques

3.3.2.1 Sample Size

The sample is a sample of convenience and drawn from an accessible population (Gall and Borg, 2003). The sample consideration will provide more detail information as it deals with small number of units. As Murphy and Porter (2007) stated, (30%) of the population can be representative of the whole population and can be considered as sample. The sample was determined by using simple random sampling method. Out of 412 customer of the hotel, 199 was selected as a sample using simple random sampling method because it is difficult to request all customer of the hotel due to budget and time constraints. After the samples is determined, the researcher was used the following sample size determination formula to determine the sample size of the population of the hotel. To get the appropriate sample size the following formula by Kothari (2014) was employed.

Weekly Average Number of room Guests of the Hotel

Gender	Number
Female	177
Male	235
Total	412

Source – The Marketing Department of Hotel

3.3.2.2 Sampling Techniques

After sample size was determined, the researcher was used simple random sampling method to select the target customers. The rationale behind using simple random sampling technique is because each member of the population will have equal chance of being selected. For primary data collection, from the total number of population (412) the number of samples taken was 199. And the formula deployed was

$$n = \frac{z^2 p \cdot q \cdot N}{e^2(N-1) + z^2 \cdot p \cdot q}$$

$$n = \frac{1.96^2(0.5)(.5)(412)}{0.05^2(412-1) + 1.96^2(0.5)(0.5)}$$

$$n = 199.04 \approx 199$$

Where

N=population size **412**

n = required sample size

z= confidence level at 95% (standard value of 1.96) p= standard deviation of the population (0.5)

q = 1-p (1-0.5= 0.5) and e= margin of error at 5% (standard value of 0.05)

Sample size

Sample size determination and distribution plan

	Target population		Sample size	Sample Distribution plan				
	Number	percentage		Day 1	Day 2	Day 3	Day 4	Day 5
Female	177	42.96 %	85	17	17	17	17	17
Male	235	57.04 %	114	22	23	23	23	23
Total	412	100%	199	39	40	40	40	40

Table 0 Sample size determination and Distribution plan

3.4 Types of Data and Instrument of Data Collection

Both primary and secondary data sources is used in this research as a source of data. In this research primary data also gathered through standardized questionnaire.

Secondary data is collected from marketing journals, company publication and annual reports, sector research report and governmental agencies.

The primary instrument for data collection in this research is semi structured questionnaire, which contained a closed ended questions by approaching respondents in hotel. Six variables is considered to see the factors that affect customer retention. The measurement used for these variables will Likert scale (5 point likert scale).

3.5 Method of Data Analysis

Data analysis is the computation of certain index or measures along with searching for patterns of relationship that exist among the data groups. The data analysis for this research will be made by using descriptive statistics. Descriptive statistic is used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample and frequently used to summarize a study sample. In addition to this, correlation

coefficient is used to show the correlation between the independent and dependent variables. And inferential statistics, regression analysis will be used to test the significance contribution of each independent variable to the dependent variable of customer retention.

3.6 Ethical Standards and Procedures

In the context of research, according to Saunders, Lewis and Thornhill, (2001:130), "... ethics refers to the appropriateness of your behavior in relation to the rights of those who become the subject of your work, or are affected by it". For this research the respondents will be briefed about the research topic and they will identify the authors of this research. The study will consider the voluntary consent of the respondents while collecting data is performed. Moreover, data collected from the respondents will be used for academic research purpose. This study avoided plagiarism practices and respected the previous studies. The complete information about the previous writers will be mentioned both in the text and reference list.

3.7 Reliability

Cronbach's alpha is the most widely used measurement tool with a generally agreed lower limit of 0.7. According to Hair, et al., (2006), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. Pilot study was conducted by testing and pre-testing the questionnaire with 20 randomly selected customer of the hotel.

The questions reliability for its slight modification was tested under cronbach reliability and its result shows 0.947. Additionally the data is reliable and universally accepted by the original founder of Parasurman.

Cronbach's Alpha	No. of Items
0.947	35

3.8 Validity

Validity is concerned with whether the findings are really about what they appear to be (Saunders et al, 2003). "Validity is defined as the extent to which data collection method or methods accurately measure what they are intended to measure (Saunders et al., 2003). Literatures states that there is no single source has a complete advantage over all others. The different

sources are highly complementary, and a good case study should use as many sources as possible. The validity of scientific study increases by using various sources of evidence (Yin, 2003).” The following steps were taken to ensure the validity of the study: Data will be collected using closed-ended questions Data will be collected from the customer of the hotel.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF THE FINDINGS

Introduction

This chapter consists of the analysis of quantitative and qualitative data identified in the previous chapter. It presents the descriptive and statistical data analysis for the variables using descriptive statistics for data analysis.

The questioner was distributed to the customer of wabeshebele hotel from December 19 – 24, 2018.

Response rate is the total number of respondents who participated in the study and out of the total questionnaires distributed i.e.199, out of which 183 were participated in the survey. The percentage of response rate was 91.95 %.

4.1 Reliability Test

In this study, six dimensions are included in the questionnaire to measure to assess factors affecting the customer retention through five point Likert scale measurement. Each dimension consist a range of items (one to seven) that are more or less consistent to each other as the average value of Cronbach's Alpha is 0.77, which is above the expected threshold limit. So, the test confirmed the reliability of the instruments as presented in the table found below.

Variable	Number of Items	Reliability Statistics (Cronbach's Alpha)
Brand Image	6	0.81
Service Quality	7	0.89
Loyalty	6	0.88
Service Charge	5	0.66
Promotion	6	0.57
Customer Retention	5	0.82
Average	-	0.77

Table 1: Reliability Statistics table for the entire data

This table indicated that the items used for undertaking this research have 0.942 reliability to answer or satisfy the objectives set ahead of the conducting the study. As Cronbach’s Alpha test closes to 1 it implies that the data used in the study is reliable for the study. Henceforth, the variables included under this study signify some sort of reliability.

4.2 Demographic Profile of Respondents

For the purposes of this study, the first section of the survey questionnaire provides the demographic profile of the respondents to be used as a building frame for the interpretation of the results. The respondents profile is organized in terms of gender, employment status, and level of education, marital status and Nationality.

The survey result in terms of gender mix indicates that 44.3 % of the employees participated in the survey were female and the rest (55.7%) were male. 56.3 % of the respondents are single as far as their marital status is considered while the rest are married (38.3%) and divorced (5.5%). Most of the respondent are Ethiopian 86.9 %, 4.9 Eritrean, French 4.9 %, Sudanese 3.3 Respectively.

Table 2: Demographic Profile of Respondents

Demographic Characteristics of the respondents		Frequency	Percentage
Gender	Male	102	55.7%
	Female	81	44.3 %
	Total	183	100%
Employment Status	Employed	143	78.1 %
	Self Employed	10	5.5 %
	Un Employed	20	10.9 %
	Student	10	5.5 %
	Total	183	100%
Level of Education	High School Completed	20	10.9 %
	Diploma	31	16.9 %
	Degree	92	50.3 %
	Master	40	21.9 %
	Total	183	100%
Marital Status	Married	70	38.3 %
	Single	103	56.3 %

Demographic Characteristics of the respondents		Frequency	Percentage
	Divorced	10	5.5 %
	Total	183	100%
Nationality	Ethiopian	159	86.9%
	Eritrean	9	4.9 %
	French	9	4.9 %
	Sudanese	6	3.3 %
	Total	183	100%

Source: Own Survey, 2018

All the respondents are literate with at least a high school completed as 50.3 % of them are first degree holders, 16.9 % diploma holders, 10.9% are high school attendants and the rest 21.9 % are qualified with post graduate degree. Employment wise, 78.1% of the respondents are employees of government and non-government organization with fixed salary, 5.5 % are students, 10.9 are job seekers whereas the rest 5.5 % are engaged in trading business.

General Information of Respondents about the Hotel

Furthermore, respondents were requested their familiarity at the hotel in regard to the information, number of visit and the reason for visit. The survey result in terms of number visit indicates that, the majority of respondents 72.1 % are familiar with hotel and the rest 27.9 % are new customer. Information wise, 72.7 % of respondents already know the hotel, 5.5 % saw on about the hotel on internet and the remaining 21.9 % respondents got the information from their friend and relatives.

Table 3 General information of respondents about the hotel

S.N	Item	Response		
		Frequency	% Age	
1	Where did you hear about the hotel	I already knew it	133	72.7 %
		On Internet	10	5.5 %
		Friends and relatives	40	21.9 %
		Total	183	100 %
2	Is this your first visit	Yes	51	27.9 %
		No	132	72.1 %
		Total	183	100 %

S.N	Item	Response		
		Frequency	% Age	
3	The Reason for visit	Rest and relaxation	92	50.3 %
		Visiting relatives and friends	10	5.5 %
		Business reasons	41	22.40 %
		Attending a conference, congress, seminar, and other forms of education	20	10.9 %
		Fun	10	5.5 %
		Religious reason	10	5.5 %
		Total	183	100 %

Source: Own Survey, 2018

The last items used is reason for visiting. From the research output, one can induce that most the customer are visiting the hotel for Rest and relaxation 50.3 % ,5.5 % are Visiting relatives and friends, 22.40 % are coming Business reasons, 10.9 % are Attending a conference, congress, seminar, and other forms of education and the rest are visiting the hotel for Fun and Religious reason 5.5 % each.

4.3 Descriptive Analysis

With the aim of understanding the factor affecting customer retention at Wabeshebele hotel customers were asked to give their extent of agreement to the statements with regard to the six dimensions, Hence, the respondents were asked to rate how they felt about the brand image, service quality, Loyalty, service Charge, Promotion and customer retention in a five point Likert scale were then analyzed with descriptive statistics of mean score and standard deviation. The data collected from the questionnaires were analyzed quantitatively. The questionnaire was a closed ended. It should be noted that the questions were opinion based which seek to find out views, opinions and perceptions of respondents.

The standard deviation measures how concentrated the data are around the mean; the more concentrated, the smaller the standard deviation and according to Zaidaton&Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was

considered as moderate and mean score above 3.8 was considered as high. A 5-point Likert scale was used to rate the various indicators whereby 1 point was accorded to ‘Strongly disagree’, 2 point as ‘Disagree’, 3-point as ‘Neutral’, 4-point as ‘Agree’, and 5-point as ‘Strongly Agree’. Thus, detail of the analysis was presented as follows.

4.3.1 Brand Image of the Hotel

To evaluate the view of brand bundle association within in mind of Customers of wabeshebele hotel, six parameters were designed. The sampled employees were asked to indicate whether they agreed or disagreed with the statements to rate with a five-scale agreement and it was presented on table found below.

Table 4 Customer Response on Hotel Brand Image

Descriptive Statistics				Agreement Scale				
Items	N	Mean	Std. Deviation	SD %	D %	N %	A %	SA %
I think most people have a positive opinion about this hotel	183	4.2131	.80072	0.0	6.0	5.5	49.7	38.8
This hotel has a unique image	183	3.4372	1.30726	10.9	12.0	27.3	21.9	27.9
I think this hotel is popular	183	4.3880	.67715	0.0	0.0	10.9	39.3	49.7
I become a loyal customer based on the brand image the hotel has	183	3.2240	1.13344	5.5	22.4	32.8	23.0	16.4
Hotel long history made it to have good brand image	183	4.4426	.59829	0.0	0.0	5.5	44.8	49.7
The staff is very kind	183	3.8361	.95814	0.0	5.5	38.8	22.4	33.3
Valid N (listwise)	183	3.9235	0.9125					
Average % Age				2.7	7.7	20.1	33.5	36.0

Source: Computation from Survey Data (2018)

The overall response rate which was found computing over the seven questions requested about service charge was mean score of (M=3.92, SD=0.91). From Table 4 Most of the respondents on average agree about the Hotel long history helps the hotel to have good brand image (Mean = 4.44, S.D. = 0.59). In reference to the reputation, Most of the respondents respond positively (Mean = 4.38, S.D. = 0.67). In addition most of the respondents agree that the peoples have positive opinion about the wabeshebele hotel (Mean = 4.21, S.D. = 0.80). Regarding the question raised on the kindness hotel staffs which have an impact on customer retention, (Mean = 3.83,

S.D. = 0.895), However, 60.7 % of respondents including who chose neutral side did not believe that they become a loyal customer based on the brand image the hotel has. Likewise, 50.2% of the hotel customers do not believe that the hotel have unique image, respectively.

4.3.2 Service Quality

This sub section will discuss about the result of the service quality as one element of customer retention strategy of wabeshebele hotel. The following table 5 is a summary of the service quality measurement indicators that affect customer retention.

Table 5 Customer Response on Hotel Service Quality

Descriptive Statistics				Agreement Scale				
Items	N	Mean	Std. Deviation	SD %	D %	N %	A %	SA %
The hotel has modern looking equipments	183	3.4426	1.16531	10.9	11.5	10.9	55.7	10.9
The hotel employees are neat-appearing	183	4.0328	.93116	0.0	12.0	5.5	49.7	32.8
When you have a problem, the hotel shows sincere interest in solving it	183	3.7705	.92689	0.0	6.0	38.8	27.3	27.9
Employees of the hotel are always willing to help you	183	4.0601	.84625	0.0	5.5	16.4	44.8	33.3
The behavior of employees of the hotel instills confidence in customers	183	3.7268	.80636	0.0	5.5	33.3	44.3	16.9
Employees of the hotel have adequate knowledge to answer your request	183	4.1694	.76226	0.0	5.5	5.5	55.7	33.3
The hotel has operating hours convenient to all its customers	183	4.2240	.71026	0.0	0.0	16.4	44.8	38.8
Valid N (listwise)	183	3.9180	0.8784					
Average % Age				1.6	6.6	18.1	46.1	27.7

Source: Computation from Survey Data (2018)

The overall response rate which was found computing over the seven questions requested about service quality was mean score of (M=3.91, SD=0.87, whereas; among the questions requested about convenience of the hotel operating hour, the highest response rate was given to it (mean score of 4.22).

Followed by the query presented regarding the adequacy of employees knowledge to answer customers request, and a score (M=4.16, SD=0.76) has been indicated. In the same manner, peoples also positively responded to employees willingness to answer the request of the customers and their neat appearing and a score (M=4.06, SD=0.84) (M=4.03, SD=0.93) respectively. However, 33.3 % of respondents including who chose neutral side on the hotels modern looking equipment's. Likewise, 38.8 % of customers respond negatively for statement "The behavior of employees of the hotel instills confidence in customers". With reference to the hotel sincere interest in solving problem of the customers 44.8 % of respondents have stated their disagreement including the neutral responses.

4.3.3 Customers Response on Their Loyalty to the Hotel

This sub section will discuss about the result of the loyalty as one element of customer retention strategy of wabeshebele hotel. The following table 6 is a summary of the customer's loyalty indicators that affect customer retention.

Table 6 Customer Response on Loyalty

Descriptive Statistics				Agreement Scale				
Items	N	Mean	Std. Deviation	SD %	D %	N %	A %	SA %
I believe the service is superior to competitors	183	2.8361	1.26465	16.9	27.3	21.9	23.0	10.9
I don't hesitate to purchase new service that the hotel offers	183	3.7213	.86693	0.0	10.9	22.4	50.3	16.4
The hotel have special offer for loyal customers	183	3.3388	.94052	5.5	5.5	49.7	28.4	10.9
The hotel have loyalty card for frequent customers	183	3.3388	.81536	0.0	10.9	55.2	23.0	10.9
The hotel provide special parking service for loyal customers	183	3.6667	.74372	0.0	0.0	49.7	33.9	16.4
I am happy to provide feedback about the service	183	4.2240	.53357	0.0	0.0	5.5	66.7	27.9
Valid N (listwise)	183	3.5209	0.8608					
Average % Age				3.7	9.1	34.1	37.5	15.6

Source: Computation from Survey Data (2018)

The overall response rate which was found computing over the six questions requested about loyalty was mean score of (M=3.52, SD=0.86) which is moderate. From Table 6 Majority of the respondents on average agree to provide feedback about the service hotel and score (Mean = 4.22, S.D. = 0.53).

Followed by the query presented regarding the customer willingness to purchase new product that the hotel offers, and a score (M=3.72, SD=0.86) has been indicated. In the same manner, peoples also positively responded to the hotel parking service for loyal customers and a score (M=3.66, SD=0.74) (M=4.03). However, 66.1 % of respondents including who chose neutral side negatively respond on the superiority of the hotel service. Likewise, 66.1 % of customers respond negatively for statement “The hotel have loyalty card for frequent customers”. With reference to the special offer that the hotel provides to its loyal customer 60.7 % of respondents have stated their disagreement including the neutral responses.

4.3.4 Service Charge of the Hotel

This sub section will discuss about the result of the service charge as one element of customer retention strategy of wabeshebele hotel. The following table 7 is a summary of the service charge indicators that affect customer retention.

Table 7 customer response on service Charge

Descriptive Statistics				Agreement Scale				
Items	N	Mean	Std. Deviation	SD %	D %	N %	A %	SA %
I paid a fair price for the holiday package	183	3.5519	.77480	0.0	6.0	44.3	38.3	11.5
I consider the hotel’s pricing policy as fair ,ethical and acceptable	183	3.8251	.69695	0.0	6.0	16.4	66.7	10.9
I really appreciate the free breakfast included in this hotel stay	183	3.6667	.66575	0.0	0.0	44.3	44.8	10.9
This hotel has the best value for great services	183	3.7760	.53357	0.0	0.0	27.9	66.7	5.5
I got the best room rate than any of the other hotels in the area	183	3.5574	.59829	0.0	0.0	49.7	44.8	5.5
Valid N (listwise)	183	3.7	0.7					
Average % Age				0.0	2.4	36.5	52.2	8.9

Source: Computation from Survey Data (2018)

The overall response rate which was found computing over the five questions requested about the fairness of service charge of the hotel was mean score of (M=3.7, SD=0.7) which is moderate. From Table 6 Majority of the respondents consider the hotel pricing policy as fair ,ethical and acceptable and score (Mean = 3.82, S.D. = 0.69).

Most number of the respondents 66.7 % were positive though followed by those who are neutral 27.9 %, on average the outcome was positive about the inquiry that the hotel has best value for grate service (Mean = 3.77, S.D. = 0.53). And also, most of the respondents on average were positive about the hotel free breakfast included in stay at the hotel (Mean = 3.5, S.D. = 0.59). However, 50.3 % of respondents including who chose neutral side state their level of disagreement on fairness of holiday price package. Likewise, 49.7 % of customers respond negatively for statement “I got the best room rate than any of the other hotels in the area”.

4.3.5 Promotion of the Hotel

This sub section will discuss about the result of the promotion as one element of customer retention strategy of wabeshebele hotel. The following table 8 is a summary of the promotion indicators that affect customer retention.

Table 8 Customer Response on Promotion

Descriptive Statistics				Agreement Scale				
Items	N	Mean	Std. Deviation	SD %	D %	N %	A %	SA %
The hotel provide Special Packages for Group Events	183	3.4372	.60686	0.0	0.0	6.0	44.3	49.7
The hotel have good relationship with its customer	183	4.1093	.65387	0.0	0.0	16.4	56.3	27.3
The hotel have rewarding program for frequent visit	183	3.2295	.53637	0.0	5.5	66.1	28.4	0.0
The hotel have rewarding program for the first visit	183	3.0000	.74863	5.5	11.5	60.7	22.4	0.0
The hotel provide seasonal discount	183	3.2295	.53637	0.0	5.5	66.1	28.4	0.0
The hotel provides services as being promised (during reservation)	183	3.8306	.68640	0.0	0.0	33.3	50.3	16.4
Valid N (listwise)	183	3.4727	0.6281					
Average % Age				0.9	3.8	41.4	38.4	15.6

Source: Computation from Survey Data (2018)

The overall response rate which was found computing over the five questions requested about the promotion strategies of the hotel was mean score of (M=3.47, SD=0.62) which is moderate. From Table 6 Majority of the respondents believe that the hotel have good relationship with its customers and score (Mean = 4.10, S.D. = 0.65).

Followed by the query presented regarding the service of the hotel that is provided to customer as promised during reservation, and a score (M=3.83, SD=0.68) has been indicated. In the same manner, peoples also positively responded to special packages that the hotel provides for group events and a score (M=3.43, SD=0.60). However, 71.6 % of respondents including who chose neutral side negatively respond on the hotels rewarding program for frequent visit and seasonal discount respectively.”. With reference to the hotels rewarding program for the first visit 77.7 % of respondents have stated their disagreement including the neutral responses.

4.3.6 Customer Retention strategy of the Hotel

This sub section will discuss about the result of all the above five strategies effect towards customer retention of wabeshebele hotel. The following table 9 is a summary of the promotion indicators that affect customer retention.

Table 9 Customer Response on Customer Retention

Descriptive Statistics				Agreement Scale				
Items	N	Mean	Std. Deviation	SD %	D %	N %	A %	SA %
I will recommend this hotel to my friend ,collogues and relatives	183	3.9891	.82535	0	11.48	0	66.67	21.86
If I had to decide ,I would choose this hotel again	183	4.0437	.71733	0	6.011	5.464	66.67	21.86
I would accept higher price ,if the hotel raises its price	183	2.8962	1.24262	16.39	27.87	10.93	39.34	5.46
I have satisfied over all service of the hotel	183	3.7760	.78381	0	5.464	27.87	50.27	16.39
I would like to develop a long term relationship with the hotel	183	3.7760	.85103	0	5.464	33.33	39.34	21.86
Valid N (listwise)	183	3.6962	0.8840					
Average % Age				3.3	11.3	15.5	52.5	17.5

Source: Computation from Survey Data (2018)

The overall response rate which was found computing over the five questions requested about the customer perception towards the hotel has a mean score of (M=3.69, SD=0.88) which is moderate. From Table 6 Majority of the respondents said that, they will choose wabeshebele hotel if they had to decide again and score (Mean = 4.04, S.D. = 0.71).

Followed by the query presented regarding their willingness to recommend the hotel to friends, colleagues and relatives, and a score (M=3.98, SD=0.82) has been indicated. In the same manner, peoples also positively responded to their willingness to develop long term relationship and overall satisfaction about the services of the hotel score (M=3.77, SD=0.85) and (M=3.77, SD=0.78) respectively.. However, 55.19 % of respondents including who chose neutral side negatively respond on their acceptance of higher price, if the hotel raise its price.

Table 10 Overall mean and standard deviation for independent variables

Constructs	Mean	Standard Deviation
Brand Image	3.92	0.912
Service Quality	3.91	0.878
Loyalty	3.52	0.80
Service Charge	3.7	0.7
Promotion	3.4	0.686
Average	3.69	0.7952

Source: Computation from Survey Data (2018)

Table 10 above show the overall average means of all items in customer retention factor constructs for wabeshebele hotel customer, level of perception. According to the findings of the Brand image represented the highest overall mean score (mean= 3.92), the customers have a tendency towards agree with statements relating the brand image construct (1= strongly disagree and 5= strongly agree) compare to other constructs. Service Quality & Loyalty followed with overall mean score of 3.91. This was followed by Service Charge and Loyalty construct (mean= 3.7)(mean=3.52) respectively. The lowest level of agreements were promotion construct (mean= 3.4).

4.4 Inferential Analysis

According to (Sekaran, 2000) inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable. With regard to inferential statistics which were run in this research are as follows:

4.4.1 Correlation Analysis

This study employs correlation analysis, which investigates the strength of the relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 + 1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (*Churchill & Iacobucci, 2005*).

Pearson Correlation Analysis

According to (Brooks., 2008), the relationship is expressed by value within the range -1.00 to +1.00 as Pearson product–moment indicates. Pearson correlation is +1 in the case of a perfect positive linear relationship (correlation) and -1 indicating the existence of a Perfect negative linear relationship (correlation). To determine the relationship between customer retention and independent variables that are supposed to influence customers' behavior, (Brand image, Service Quality, Customer Loyalty, Service Charge and Promotion), Pearson correlation was computed. Table 10, presents the results of Pearson correlation on the relationship between customer retention and customers' behavior, (Brand image, Service Quality, Customer Loyalty, Service Charge and Promotion)

Table 11 correlation of dependent and independent variables

Variables		Customer Retention
Customer Retention	Pearson Correlation	1
	Sig. (2-tailed)	
	N	183
Brand Image	Pearson Correlation	.625**
	Sig. (2-tailed)	.000
	N	183

Variables		Customer Retention
Service Quality	Pearson Correlation	.837**
	Sig. (2-tailed)	.000
	N	183
Customer Loyalty	Pearson Correlation	.806**
	Sig. (2-tailed)	.000
	N	183
Service Charge	Pearson Correlation	.395**
	Sig. (2-tailed)	.000
	N	183
Promotion	Pearson Correlation	.509**
	Sig. (2-tailed)	.000
	N	183

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

Source: Computation from Survey Data (2018)

According to the Table 11, there were significant positive relationship between Customer retention and factors for the customer's behavior (Brand image, Service Quality, Customer Loyalty, Service Charge and Promotion). The strongest correlation resulted was between customer retention and service quality ($r=0.837$), in between Customer Loyalty and customer retention ($r = 0.806$), and in between customer retention and brand image ($r = 0.625$), and in between customer retention and Promotion ($r = 0.509$). The correlation that resulted as being moderate was in between Service Charge and Customer retention ($r= 0.395$). In general, customer retention and factors towards customers' behavior (Brand image, Service Quality, Customer Loyalty, Service Charge and Promotion) has significant positive correlation. This indicates that as Brand image, Service Quality, Customer Loyalty, Service Charge and Promotion have an effect on customer retention.

4.4.2 Regression Analysis

4.4.2.1 Assumption Test

Multiple Regressions is a statistical technique that allows us to predict someone's score on one variable on the basis of their scores on several other variables. Then, the following

assumptions test should be done (Pallant, 2010).

Multicollinearity Test Using VIF and Tolerance

Multicollinearity is used to describe correlation among independent variables. If there is high correlation between two or more predictor variables, may cause problems when trying to draw inferences about the relative contribution of each predictor variable to the success of the model (Pallant, 2010).

Multicollinearity in this study was tested using Variance Inflation Factor (VIF) value and tolerance value. If tolerance value closed to 1 and VIF value is around 1 and not more than 10, it can be concluded that there is not multicollinearity between independent variable in the regression model (Pallant, 2010). Below Table 12 shows there is no multicollinearity exist.

Table 12 multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Brand Image	.359	2.785
Service Quality	.247	4.048
Customer Loyalty	.452	2.211
Service Charge	.605	1.652
Promotion	.739	1.354

Source: Computation from Survey Data (2018)

Normality Test

The study used two methods of assessing normality; graphically (Normal Probability Plot) and numerically (Skewness and Kurtosis). In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality.

Numerically, the evaluation of normality in the data analysis began with exploring the skewness and kurtosis values of the elements of factor and customer retention .Skewness and kurtosis values greater than 1 and less than -1 are considered being abnormally distributed (Gamst, Meyers, & Guarino, 2008). Table 12 below summarizes the skewness and kurtosis values of the constructs.

The skewness and kurtosis values for independent variable elements, namely brand image, service quality , loyalty, and promotion were all below 1 and greater than -1 indicating that the data is normally distributed for these elements. The customer retention constructs also

showed skewness and kurtosis value of less than 1, and is therefore normally distributed. however, service charge have heavier tails than the normal distribution. i.e. 2.5

Table 13 Summary of Skewness and Kurtosis Statistic

Constructs	Skewness statistic	Kurtosis statistic
Brand Image	.130	-1.308
Service Quality	.073	-1.024
Customer Loyalty	.702	-.235
Service Charge	1.488	2.554
Promotion	-.163	-1.240
Customer Retention	-.188	-.383

Auto Correlation

Regression analysis is based on uncorrelated error/residual terms for any two or more observation (Kothari R. , 2004). This assumption is tested for each regression procedure with the Durbin-Watson test, which test for correlation between variables residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2009). A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Muluadam, 2015). In this study the Durbin-waston value was 2.163, therefore it can be confirmed that the assumption of independent error has almost certainly been met.

4.4.3 Regression Analysis and Hypothesis Testing

For the purposes of determining the extent to which the explanatory variables (customer retention factors such as Brand image, service quality, Loyalty, Service Charge and Promotion) explain the variance in the explained variable (customer retention), regression analysis was employed after the study met the regression assumptions. The significance level of 0.05 with 95% confidence interval was used.

In the foregoing correlation analysis, the association between the variables, which is customer retention and factor elements, has been estimated. In effect, five variables showed statistically

significant positive correlation with customer retention. It is of interest in this section to further detect the combined effect of these independent variables on the dependent variable using multiple regression analysis.

Table 14 ANOVA- the Results of Multiple Regression Analysis for Wabeshebele customers

ANOVA^a					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	1808.178	5	361.636	186.342	.000 ^b
Residual	343.505	177	1.941		
Total	2151.683	182			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Promotion, Brand Image, Customer Loyalty, Service Charge, Service Quality

The ANOVA tables tell us whether the overall model results in a significantly good degree of the prediction of the outcome variable (Field, 2009). The proposed model was adequate as the Sig. value (0.000) is less than 0.05. This indicates that the overall model was statistically significant relationship between customer retention and the independent variable.

Table 15: Model Summary of Dependent and Independent Variables

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.917 ^a	.840	.836	1.39309	2.163

a. Predictors: (Constant), PromotionC, Brand Image, Customer Loyalty, ServiceChargeC, ServiceQuC

b. Dependent Variable: Customer RetantionC

Source: Computation from Survey Data (2018)

From the model summary in above Table 15, R-Square is 0.917, indicates correlation of the five independent variables with the dependent variable (customer retention) and the model exhibited an adjusted R square value of 0.836, it indicated that 83.6% customer retention was explained by the variation of the five factors dimensions and 16.4 % was due to other factors/extraneous variables.

Table 16: Regress customer retention (as Dependent Variable) on the Selected Variables (as Independent Variables) using Multiple Regressions for Wabeshebel Customers

Coefficients ^a	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		

	(Constant)	-2.363	1.228		-1.924	.056
	Brand Image	.106	.042	.125	2.487	.014
	Service Quality	.283	.043	.395	6.533	.000
	Customer Loyalty	.391	.036	.480	10.745	.000
	Service Charge	-.312	.062	-.195	5.055	.000
	Promotion	.387	.056	.241	6.886	.000

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Promotion, Brand Image, Customer Loyalty, Service Charge, Service Quality

Source: Computation from Survey Data (2018)

From the table 16 found above The Sig. values of Brand Image, Service Quality, Loyalty, Promotion and Service Charge are .000 and .014 This test shows that the coefficients of the five predictors are statistically significant at less than 5% level of significance. Thus, all five variables were found to be significant predictors to the customer retention of wabeshebele hotel.

The unstandardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta is the amount that the dependent variable increases or decreases when the independent variable increases by one standard deviation. Thus, the largest influence on the customer retention is Customer loyalty (.391), and the next Promotion (.387) and Service Quality (.283) and brand image (.106) respectively. On the other hand service charge with the beta value of -.312 is the poorest predictor of customer retention when it is compared with the other explanatory variables under study. With the same explanation of the above paragraphs, all the five variables of the customer respondents result were found to be significant predictors of customer retention of wabeshebele hotel at p value <0.05.

Coefficients

Based on the table 16, show the unstandardized beta coefficient, which tell us the unique contribution of each factor to the model. A high beta value and a small p value (<0.05) indicate the predictor variable has made a significance statistical contribution to the model. On the other hand, a small beta value and a high p value (p >0.05) indicate the predictor variable has little or no significant contribution to the model (Gorge et al., 2003).

Table 16, indicates that Service Quality, Customer Loyalty, Service charge ,promotion and

Brand image had significant and positive effect on customer retention at 95% confidence level, since their p-values (0.000 for Service Quality, Customer Loyalty, Service charge ,promotion, and 0.014 for brand image)less than the significance level 0.05. The significant and insignificance effect of independent variables on customer retention (Brand image, Service Quality, Customer Loyalty, Service charge and Promotion) have been included for the establishment of the function.

The objective of the regression in this study is to find such an equation that could be used to find the impact of predictors on dependent variable. The specified regression equation takes the following form:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Customer Retention

X1=Brand Image

X2=Service Quality

X3=Loyalty

X4=Service Charge

X5= Promotion

So equation comes as:

$$\text{Customer Retention} = -2.363 + 0.106X_1 + 0.283X_2 + 0.391X_3 + -.312X_4 + 0.387X_5 + 1.228$$

The hypothesis test results based on unstandardized coefficient beta and P-value to test whether the hypothesis to reject or not reject. As shown from above Table 16 Promotion of Wabeshebele, P- value is significant (P< 0.05) and the beta value is positive (beta= .387). Therefore, the result supported the initial hypothesis and infers that promotion has a significant and positive effect on customer retention of the hotel. With regards to Customer Loyalty of hotel, P-value is significant (P< 0.05) and the beta value is positive (beta= .391). Therefore, the result supported the initial hypothesis and infers that Customer Loyalty has a significant and positive effect on customer retention of Wabeshebele Hotel.

The same is true for Service Quality, P-value is significant (P< 0.05) and the beta value is positive (beta= .283).Therefore, the result supported the initial hypothesis and infers that promotion has a significant and positive effect on customer retention of Wabeshebele hotel. Regarding to Brand Image, P-value is significant (P< 0.05) and the beta value is positive

(beta= .106) Therefore, the result supported the initial hypothesis and infers that Brand Image has a significant and positive effect on customer retention. On other hand for Service Quality P-value is significant ($P < 0.05$) but the beta value is negative which implies one unit of change on service charge results reduction on customer retention by .19.5 %. Therefore, the result supported the initial hypothesis and infers that Service Charge has a significant effect on customer retention.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary, conclusions and recommendations of the research undertaken in the study. For clarity purpose the conclusions are based on the research objectives of the study. The general explanations of the findings were discussed and recommendations drawn from the conclusions of the research. Finally the study shows some limitation of the study and provides of directions for future researches.

5.2 Summary of the Major Findings

On the basis of the research results obtained through quantitative and qualitative data analyses, the following major findings are identified for further consideration. In this section, the finding from the customer is presented in a summarized and informative manner. The respondent groups were asked the effect of customer retention strategies on customer retention of wabeshebele hotel in a five point Likert scale. Accordingly, as it is depicted in table 10 in the previous section the resultant sample statistics for respondent's shows that the effect of customer retention strategies on Wabeshebele is at the moderate level.

- Brand Image - With regard to brand image, the perception of customers shows that, it has higher level effect on customer retention with a mean value of 3.92. It is on the 1st rank of the customer retention strategies elements. the outcome of the multiple regression supports the hypothesis; $\beta = 0.106$ at $P < 0.05$
- Service Quality - With regard to Service Quality, the perception of customers shows that, it has higher level effect on customer retention with a mean value of 3.91. It is on the 2nd rank of the customer retention strategies elements. the outcome of the multiple regression supports the hypothesis; $\beta = 0.283$ at $P < 0.05$
- Customer Loyalty - With regard to Customer Loyalty, the perception of customers shows that, it has higher level effect on customer retention with a mean value of 3.52. It is on the 4th rank of the customer retention strategies elements. the outcome of the multiple regression supports the hypothesis; $\beta = 0.391$ at $P < 0.05$
- Service Charge - With regard to Service Charge, the perception of customers shows that, it has higher level effect on customer retention with a mean value of 3.7. It is on the

3rd rank of the customer retention strategies elements. the outcome of the multiple regression supports the hypothesis; $\beta = 0.312$ at $P < 0.05$

- Promotion - With regard to Promotion, the perception of customers shows that, it has higher level effect on customer retention with a mean value of 3.4. It is on the 5th rank of the customer retention strategies elements. The outcome of the multiple regression supports the hypothesis; $\beta = 0.387$ at $P < 0.05$. However, compared to the other variables the promotion has low level effect on customer retention.

5.3 Conclusion

This study aimed to determine the effect of retention strategies (Brand image, Service Quality, Loyalty, Service Charge and Promotion) at wasbeshebele hotel.

The empirical results show that, all elements of customer retention have direct impact on customer retention. The result confirms the hypothesized relationships in the research model. In this regard, it can be concluded about how each elements influence customer retention.

Per the foregoing findings the following conclusions are drawn;

- One of the research findings that can be conclude from the statistics provided above is that service quality has positive and significant effect on customer retention of wabeshebele hotel.
- The most important element that has effect on customer retention of wabeshebele hotel is brand image.
- According to the research findings, service quality has a positive and significant effect customer retention of wabeshebele hotel.
- According to the research findings, loyalty has a positive and significant effect customer retention of wabeshebele hotel.
- Regarding promotion, promotion has the moderate level effect on customer retention of wabeshebele hotel.
- Overall, the effect of all elements on the customer retention of wabeshebele hotel is moderate level as observed by its customers. Hence, it is confident to conclude that, the effect of selected elements of customer retention strategies at wabshebele hotel are at the moderate level.

5.4 Recommendation

In today's a stiff competition market, every organizations are tried to offer more services that benefit its target customers in order to gain a competitive advantages over its rivals. Moreover, taking a proactive customer services is make more benefits the firms in attracting and retaining customers. Proactive services are the situations where the firms do not wait for customers to contact them and are determined to hold a dialogue with their customers prior to use reactive solutions such as complaint handling.

According to Kotler (2003) asserted that acquiring new customers could cost five times more than the cost of satisfying and retaining customers.

Thus, the study recommends that:

- The hotel should come up with a loyalty programs by providing special offer, loyalty card for frequent visit and parking service for loyal customer to retain them in their hotels.
- The hotel should come up with a promotion /reward program for existing customers to retain them in their hotels.
- The hotel should work to achieve and build on corporate images through provision of quality services, promotion and competitive pricing.
- The hotels should to work on retention strategies because most of customers are agree to continue with the hotel which gets a total score of 61.20 % of respondents consent (Customer Retention) "I would like to develop long term relationship with the hotel".

5.5 Suggestions for Further Studies

This study was a case study on Wabeshebele hotel customers. The data was collected from the customers of the Wabeshebele hotel. The case could be different in other local hotels in Ethiopia. The researcher therefore recommends that further studies to be done on other hotels to establish more on the factors influencing customer retention.

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APPENDIXES

APPENDIX – ONE

St Mary's University

Department of Marketing Management

Questionnaire

Thank you in advance for your kind cooperation

Dear Participant, I am a post graduate student at Saint Mary's University. Currently, I am undertaking a research to identify the factors affecting customer retention at WabeShebele Hotel. The research paper is intended for the partial fulfillment of Master Degree in Marketing Management. The information you provide will be used only for the purpose of the study and will be kept strictly confidential.

Please do not write your name or contact details on the questionnaire

Note: kindly put a \surd mark with the option that reflects your level of agreement with the given statement.

Section A: Demographic Information

A. Gender : Male Female

B. What is your employment Status?

Employed Self-Employed Unemployed Retired Student
 Other, Please Specify _____

C. Educational level:

Below High school High school completed Diploma Degree Master PhD

D. Marital status: Married Single Divorced Widowed

E. Nationality _____

Part II. General Question

F. Where did you hear about this hotel?

- I already knew it
- On Internet
- Friends and relatives
- Media Books and guides Travel
- Other, Please Specify

G. Is this your first visit to this hotel? No Yes

If your answer is No, on average how many times have you visited this hotel in the past?

H. What is the main reason for your visit to this hotel?

- Rest and relaxation
- Visiting relatives and friends
- Business reasons
- Attending a conference, congress, seminar, and other forms of educations
- Culture
- Fun
- Sports and Recreation
- Religious reasons
- Others, Please Specify _____

Section B: Factors that affect customer retention

Please indicate the extent of your level of agreement and disagreement with the following statement. Please tick (√) your appropriate answer based on the following rating.

5= Strongly Agree (SA) 4= Agree (A) 3= Neutral (N) 2= Disagree (D) 1= Strongly Disagree (SD)

S.N	Item	SA	A	N	D	SD
Brand Image						
1	I think most people have a positive opinion about this hotel					
2	This hotel has a unique image					
3	I think this hotel is popular					
4	I become a loyal customer based on the brand image the hotel has					
5	Hotel long history made it to have good brand image					
6	The staff is very kind					
Service Quality						
7	The hotel has modern looking equipments					
8	The hotel employees are neat-appearing					
9	When you have a problem, the hotel shows sincere interest in solving it					
10	Employees of the hotel are always willing to help you					
11	The behavior of employees of the hotel instils confidence in customers					
12	Employees of the hotel have adequate knowledge to answer your request					
13	The hotel has operating hours convenient to all its customers					
Loyalty						

S.N	Item	SA	A	N	D	SD
14	I believe the service is superior to competitors					
15	I don't hesitate to purchase new service that the hotel offers					
16	The hotel have special offer for loyal customers					
17	The hotel have loyalty card for frequent customers					
18	The hotel provide special parking service for loyal customers					
19	I am happy to provide feedback about the service					
Service Charge						
20	I paid a fair price for the holiday package					
21	I consider the hotel's pricing policy as fair ,ethical and acceptable					
22	I really appreciate the free breakfast included in this hotel stay					
23	This hotel has the best value for great services					
24	I got the best room rate than any of the other hotels in the area					
Promotion						
25	The hotel provide Special Packages for Group Events					
26	The hotel have good relationship with its customer					
27	The hotel have rewarding program for frequent visit					
28	The hotel have rewarding program for the first visit					
29	The hotel provide seasonal discount					
30	The hotel provides services as being promised (during reservation)					
Customer Retention						
31	I will recommend this hotel to my friend ,collogues and relatives					
32	If I had to decide ,I would choose this hotel again					
33	I would accept higher price ,if the hotel raises its price					
34	I have satisfied over all service of the hotel					
35	<i>I would like to develop a long term relationship with the hotel</i>					

APPENDIX – TWO

Table to determine Sample Size from a Given Population size

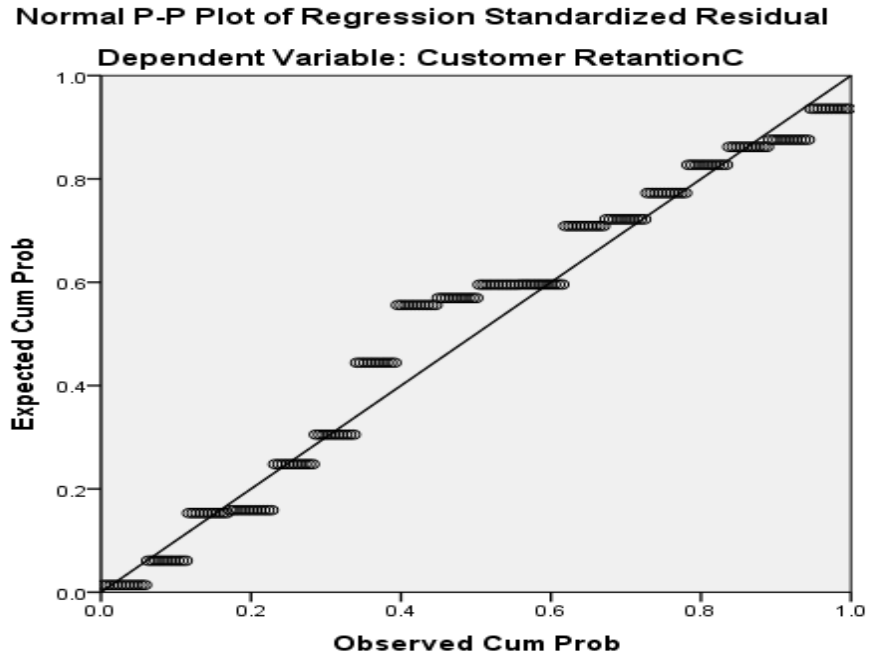
<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

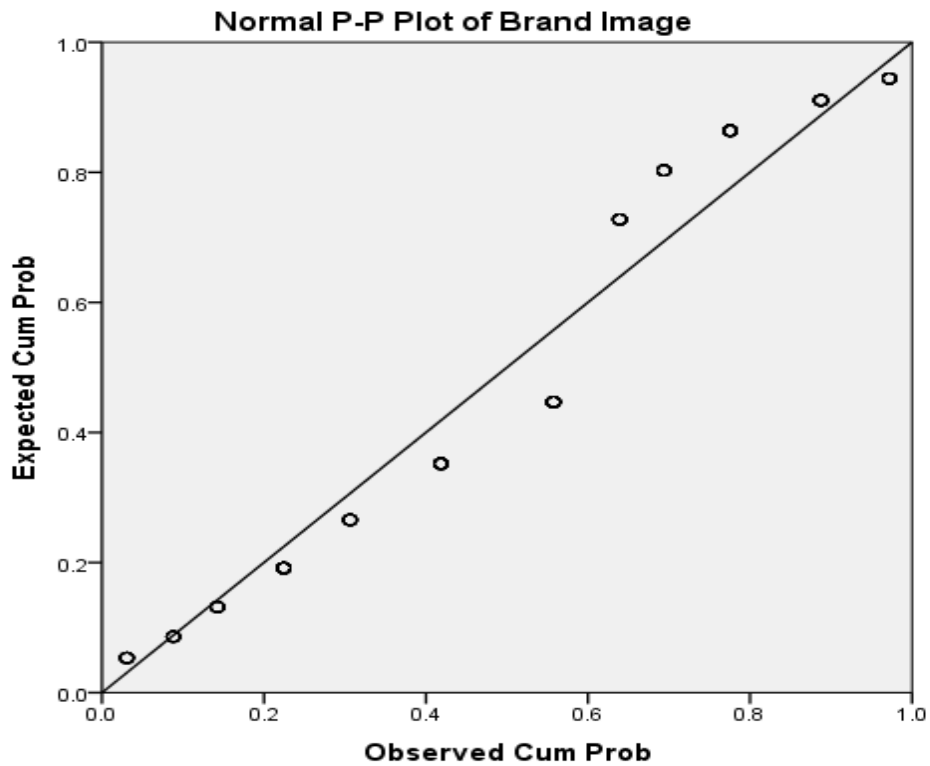
APPENDIX – THREE

Normal P-Plot of regression Standardized Residual

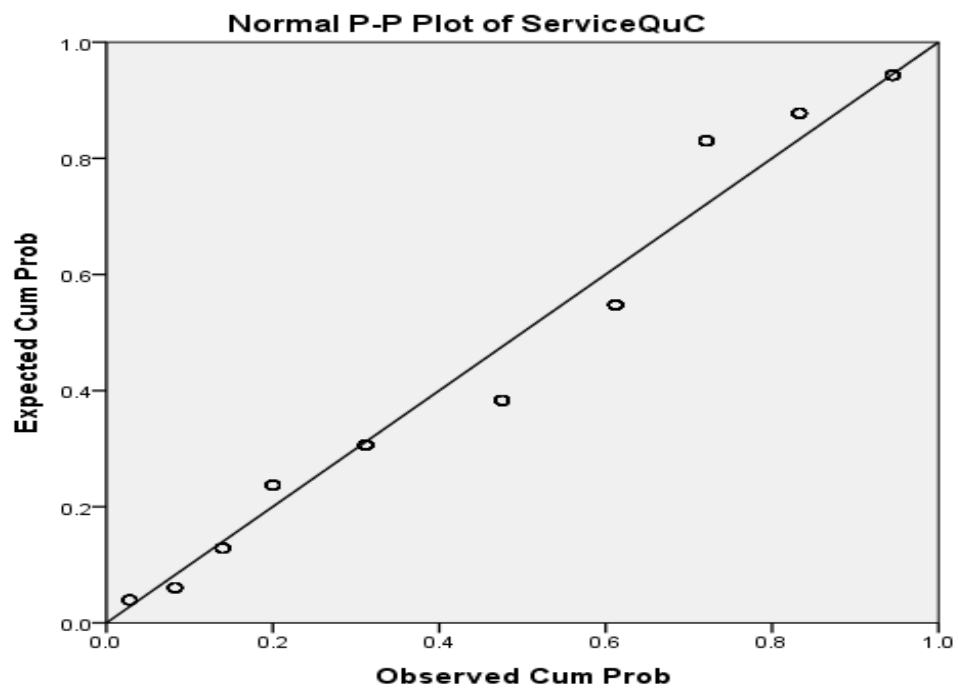


APPENDIX – FOUR

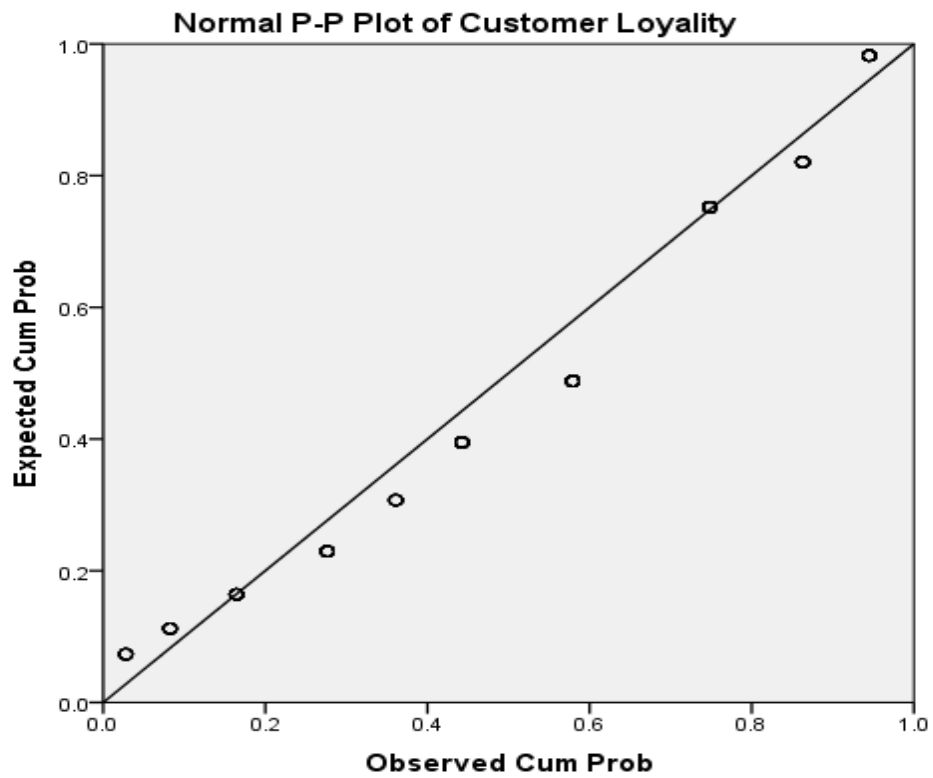
Scatter Plot Linearity test for retention variables with dependent variable
Brand Image and Customer Retention



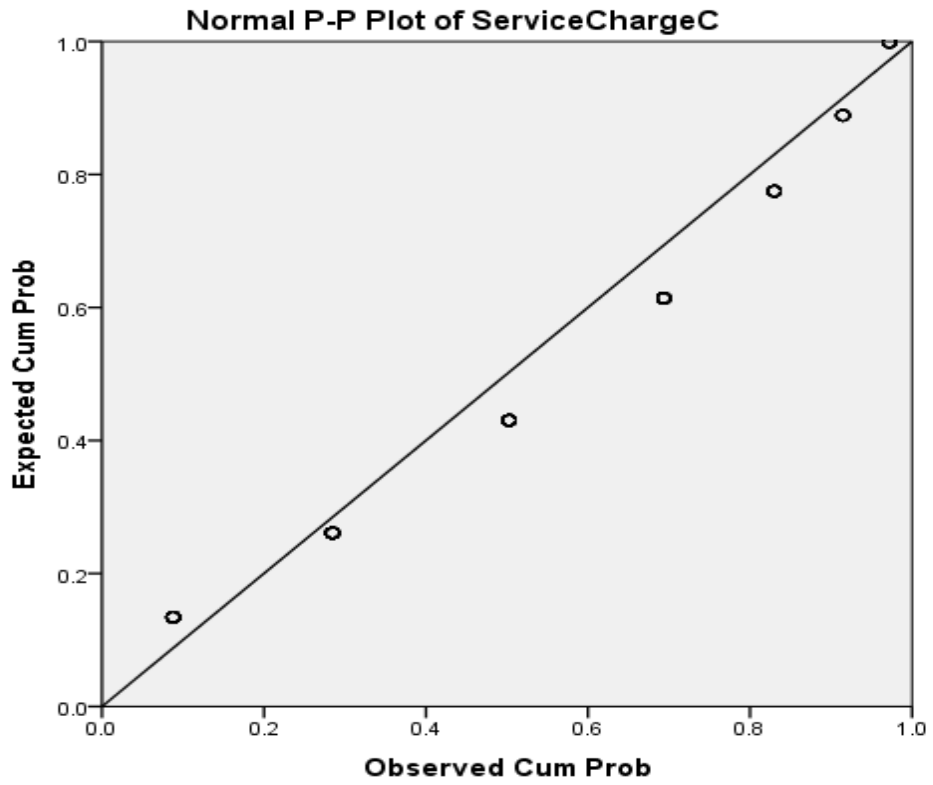
Service Quality and Customer Retention



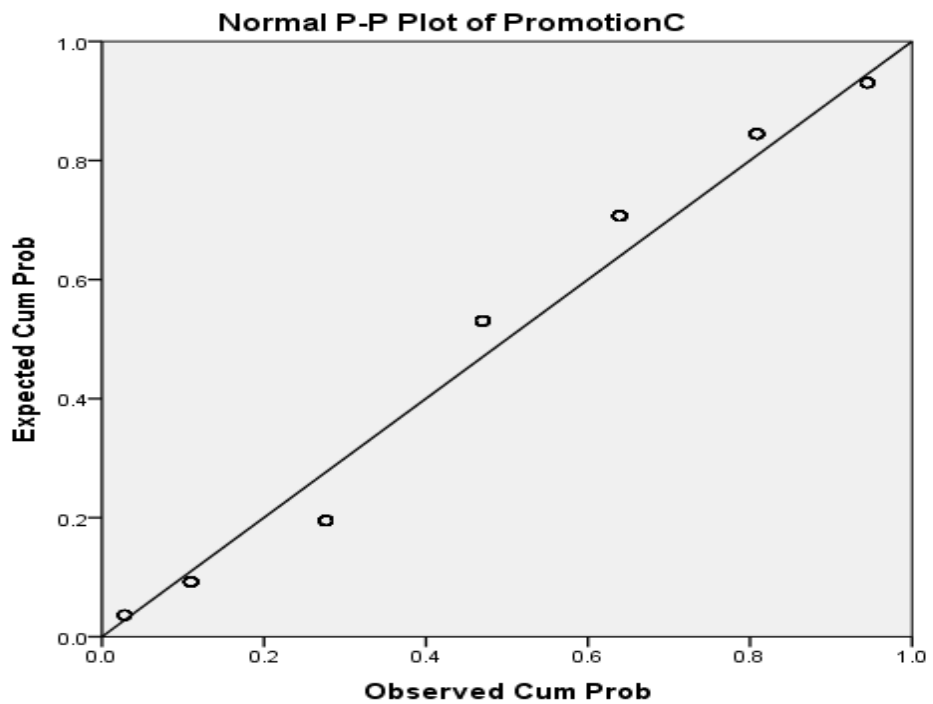
Customer Loyalty and Customer Retention



Service Charge and Customer Retention

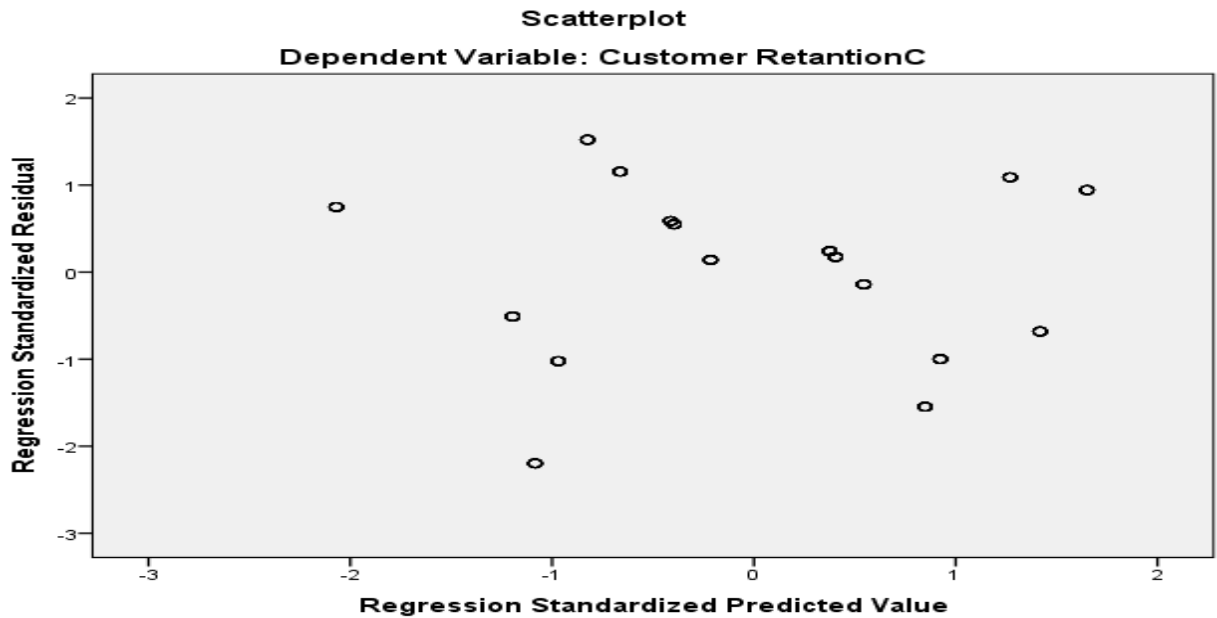


Promotion and Customer Retention



APPENDIX – FIVE

Scatter plot homoscedasticity test FOR test for retention variables with dependent variable Brand Image and Customer Retention



APPENDIX – SIX

Correlation matrix of Respondents

		Correlations					
		Brand Image	Service Qu.	Loyalty	Service Charge	Promotion	Customer Retention
Brand Image	Pearson Correlation	1	.753**	.568**	.576**	.179*	.625**
	Sig. (2-tailed)		0	0	0	0.02	0
	N	183	183	183	183	183	183
Service Qu	Pearson Correlation	.753**	1	.726**	.536**	.432**	.837**
	Sig. (2-tailed)	0		0	0	0	0
	N	183	183	183	183	183	183
Loyalty	Pearson Correlation	.568**	.726**	1	.497**	.271**	.806**
	Sig. (2-tailed)	0	0		0	0	0
	N	183	183	183	183	183	183
Service Charge	Pearson Correlation	.576**	.536**	.497**	1	.283**	.395**
	Sig. (2-tailed)	0	0	0		0	0
	N	183	183	183	183	183	183
Promotion	Pearson Correlation	.179*	.432**	.271**	.283**	1	.509**
	Sig. (2-tailed)	0.02	0	0	0		0
	N	183	183	183	183	183	183
Customer Retention	Pearson Correlation	.625**	.837**	.806**	.395**	.509**	1
	Sig. (2-tailed)	0	0	0	0	0	
	N	183	183	183	183	183	183