MANAGERIAL PERSPECTIVE OF CUSTOMER ENGAGEMENT ON THE PERFORMANCE OF REGISTERED HOTELS IN NYERI COUNTY

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Tourism and Travel sector is fundamental in advancing social economic growth of nations. Hotel industry plays a major supportive role to the this sector by ensuring comfortable stay for the visitors through meeting their gastronomical, lodging and other related auxiliary needs. However, the industry is always faced with performance challenges due to its susceptibility to changes in internal and external environments. It has therefore been adopting strategies to improve on its performance and mitigate on any eventualities. One of such strategy is customer engagement, a component of value co-creation which is a process of collaboration by parties who are involved in direct interactions that is aimed at generating mutual value. Due to the dearth in studies on the effectiveness of customer engagement in the hotel industry, this study evaluated from a managerial perspective the effect of customer engagement on the performance of registered hotels in the Nyeri County. The research specifically was concerned on the sections of hotel that deal directly with the customer: F&B, Room Division and Sales and Marketing. The study used a descriptive research design and had a target population of the 61 registered hotels in the county of which only those with bed capacity of 25 and above (34 hotels) were considered as practically, they are the ones expected to be implementing the strategy. Census method was adopted in selecting the sample size due to the low number of registered hotels while purposive sampling was utilized in picking the respondents from the selected hotels. Questionnaire were used for data collection and were piloted to ensure validity and reliability during data collection. The Cronbach's Alpha coefficient for the instrument was 0.754 which is above 0.7 thus ascertaining that the instrument was reliable for the data collection process. Data collected was analyzed descriptively and inferentially with the aid of Statistical Package for Social Sciences (SPSS). Diagnostic test was carried out before multiple regression analysis was carried out to measure the relationship between the dependent variable and independent variables. The findings indicate that customer engagement (β_1 = 0.642 p< 0.05) had a positive relationship with significant effect on the performance of registered hotels and explained 35.9 per cent variance of the performance. Based on these findings, the study concluded that customer engagement have a positive effect on the performance of registered hotels in Nyeri county. Thus, concluding that firms that engage their customers more are more likely to outperform their counterparts

1. Introduction

Tourism and Travel sector is consider an important component of the social economic growth of nations of the world. Crucial statistics supporting this premise is that in the past five years (2015-2019) one in four jobs in the world have been created by sector while in year 2019 its economic growth was 3.5% outpacing the global economic growth of 2.5% for the ninth consecutive year. This is further supported by data which according to Condor Ferries (2020) the global contribution of hospitality industry to the economy and labor force in year 2018 was $3.41 trillion and 173 million respectively. In Africa tourism contribution to GDP in year 2018 was $194.2 billion which is 8.5% of the continent's GDP (Africa Travel and Tourism Association (ATTA), 2019). In Kenya the importance of the industry to the country is evident due to its prieminence in the development plans such as the Vision 2030, where it is one of the priority sector in the economic pillar of the vision. It also features in ministry of tourism plan dubbed Kenya Tourism Agenda which aims at making Kenya a competitive destination (Republic of Kenya, 2018).

Hotel industry importance to the sector cannot be overemphasized as it plays a critical role of ensuring comfortable stay for the guests by meeting their gastronomical, lodging and other related auxiliary needs. However it is a very volatile industry as it is easily affected by different factors which may arise externally from economic, political, social and technological environments or internally from issues such as change in customer preferences and needs, high staff turnover and operation costs. Strategies to enable hotel to cushion themselves from such eventualities are critical success factors for the industry. Customer engagement which is a component of value co-creation, a process of collaboration by parties who are involved in direct interactions that is aimed at generating mutual value, is one of such strategies.The concept is a relatively new concept in service industry as it has been mainly applied in manufacturing industry. Furthermore, studies in hospitality industry concerning the concept have concerned themselves largely on its importance to the industry and its effects on customer satisfaction thus leaning more on the customer perspective (González-Mansilla et al, 2019; Oyner & Korelina, 2016; Roeffen& Scholl-Grissemann, 2016). However there is need to assess its effects on the performance from the lens of hotel managers as they the main drivers of the development and implementation of firm business strategies.

The objective of the study therefore was to evaluate from a managerial perspective the effect of customer engagement on the performance of registered hotels in the Nyeri County. This would be siginificant to both the national government and county governments as it shall facilitate the achievement of both local and international development plans such as Vision 2030, Agenda 2030 and Agenda 2063. The findings shall also be useful to Kenya Tourism Board in its research, information and marketing data generation. For the scholars it furthers the knowledge by addressing gaps in knowledge while at the same time enriching curriculum for hospitality and tourism students.

The two theory that guided this study were service Dominant Logic and resource based view with the former being the main theory. The S-D logic argues that customers being the recipients of goods/services are creator of real value for they determine the value that can be derived from the products or services (Vargo &Lusch, 2004a). the firm is therefore seen as a provider of operand resource that are enablers of value creation. However the level of value realized will be determined by the ability of the user to derive the embedede value. Customers therefore provides operants rseources (knowledge, skills and experiences) which ensures the realization of actual

value. This scenario is illustrated in figure 1.1 below. This theory is therefore applicable in this study as without engagement of the customers real value may not be realized.
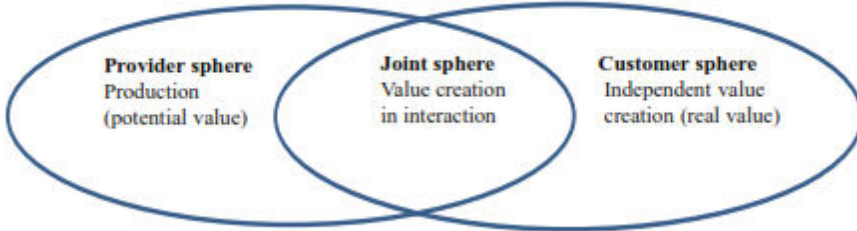

Figure1. 1 Value Creation Spheres
Source: Grönroos and Voima, (2013)

The resource based view on the other hand argues that the ability to generate a sustainable competitive advantage by a firm emanates from internal resources and capabilities it possesses as opposed to the external influences. This resources must however have unique characteristics that enable them create products/services that are valuable, rare, inimitable, and non-substitutable (VRIN). Through the engagement of the customers the firm is able to acess the customers capabilities and skills turning them unique to themselves and thus generating a sustainable competitive advantage which boosts performance.

Emprical literature reviewed about customer engagement and the pergormance of registered hotels found out that, it involves defining the parameters upon which customers can be brought on board as participators of value generation than just being passive consumers. The means of engagement are mainly psychological (cognitive and emotional) and behavioral. (van Doorn et al., 2010; So et al. 2014). Five dimensions can be utilized to conceptualize the process according to So et al. (2014): enthusiasm, attention, absorption, interaction and identification. This was also supported by Rather & Shamma (2017) research on Customer engagement for evaluating customer relationships in hotel industry which found that the dimension of enthusiasm had the greatest effect on customer loyalty as it had the highest beta coefficient of 0.565 followed by absorption ($\beta=0.444$), identification($\beta=0.435$), attention($\beta=0.465$) and interaction($\beta=0.472$). this study therefore adopted this parameters to operationalize the study as shown in figure 1.2 below.
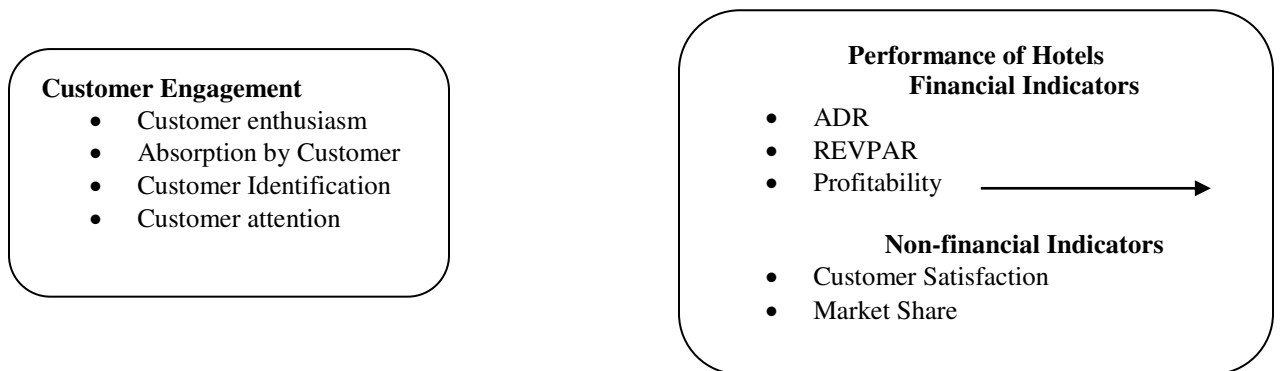
Customer Engagement
- Customer enthusiasm
- Absorption by Customer
- Customer Identification
- Customer attention

Performance of Hotels
Financial Indicators
- ADR
- REVPAR
- Profitability

Non-financial Indicators
- Customer Satisfaction
- Market Share

Figure 1. 2 Operational framework

2. Methods
2.1. Research design
The study employed a descriptive research design as it is useful when the researcher wants to describe individuals, entities or situations without manipulating them. In so doing the researchers ensure there is objectivity as they operate within defined parameters (Kothari, 2008).

2.2. Target population
The study was carried in Nyeri County which is one of the 47 county governments in Kenya. The target population which refers to a set of units containing information needed to make comparable characteristics from which inferences can be drawn from (Krishnaswamy & Satyaprasad, 2010) was all 61 registered hotels in Nyeri County. The study also focussed on those with bed capacity of 25 and above as this were the ones likely to have institutionalized customer engagement in their operations. Below this capacity implementing this strategy might be impractical as hotel occupancy rate on average in Kenya is about 50% (Statista ,2020) thus a total of 34 registred hotels were targeted for this study.

2.3. Sampling techniques and size and data collection instrument
The study adopted the census technique in selecting the sample for the study due to the low number of registered hotels with bed capacity of 25 and above. The method is preffered when the target population is heterogeneous or small thus the sample obtained would not be representative of the population (Cooper & Schindler ,2010 & Kothari, 2008). Further purposive sampling was utilized to identify the respondents who are the managers or their equivalent of the departments in the hotel who deal directly with the customers. This technique is suitable where the researcher is interested in respondents who have comparable views and could provide relevant and knowledgeable information on the study variables (Etikan & Bala, 2017). The data collection instrument used was the questionnaire.

2.4. Validity and reliability
The Content validity was also obtained through the development of the measurements of the concepts and their associated measurement with these draft items being submitted for a review by the experts in the field of value creation at DeKUT. According to Cooper and Schindler (2008) content validity can be achieved through the use a panel of experts who have the knowledge of the area of study to determine whether the measuring instrument sufficiently covers the content.

Cronbach's coefficient alpha was used to measure internal consistency of the data collection instrument. The Cronbach's Alpha coefficient for the instrument was 0.754 which is above 0.7 and thus it was established that the instrument could measure what it was intended to.

2.5. Data analysis
The study utized several techniques to analyse data. The data collected was edited, coded and entered into a Statistical Package for Social Sciences (SPSS) software. After these procedures were done, data was then analysed through descriptive and inferential statistics.

Descriptive analysis was used to describe the basic characteristics of the variables and summarize the variable data in a simple and understandable way through the use of frequency proportion (percentages) or frequency distribution while interval and ratio scaled data was analysed through measures of central tendencies.

Inferential statistics on the other hand was used to analyse the relationship between variable. Multiple regression was adopted as it is considered suitable where the direct relationship

represents situations where both independent and dependent variables are linearly related. The model of fitness (R^2) was applied to ascertain the relationship of registered hotels performance that can be explained by variations in each of independent variables constructs. ANOVA statistics consisting of F-Ratio and corresponding P-Value was generated and interpreted at significance level of 5% (p<0.05). This was useful in establishing whether the regression model was statistically significant in predicting the dependent variable.

3. Results and Discussions
3.1. Response Rate

The response rate was 69 % as described in Table 3.1 below, which was considered sufficient according to Saunders, et al. , (2009) who stated that a response rate of 50% and above was adequate.

Table 3. 1 Response rate summary

Respondents	Frequency	Percentage
Responsive	60	69%
Non Responsive	27	31%
Total targeted	**87**	**100%**

3.2. Descriptive statistics on customer engagement.

The descriptive statistics indicated that registered hotels in the county engaged their customers through; prioritization of customer involvement, customer collaboration and active participation, customer's idea for new or improved hotel offering or services, customers' recommendations of the hotel offerings through the word of mouth, and favourable posting on the social media. This agreed with Bitter and Grabner-Kräuter (2016), who described customer engagement behaviours as to include involvement, referral behaviors, (word-of-mouth) WOM behaviors, and actions which are aimed at generating and disseminating information that affect purchase behavior of focal as well as other customers and consequently generate customer equity.

3.3. Inferential statistics on customer engagement

The study tested for the effect of customer engagement on hotel performance of registered hotels in Nyeri County using a linear regression model.

Table 3. 2 ANOVA for Customer Engagement

	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.501	1	5.501	32.522	.000[b]
Residual	9.811	58	.169		
Total	15.311	59			

a. Dependent Variable: hotel performance
b. Predictors: (Constant), Customer engagement

The statistics in Table 3.2 show that ANOVA statistic, $F (1, 58) = 32.522$, p <0.05, and indicates that the regression model was statistically significant in predicting the dependent variable.

Therefore, the independent variable construct, that is, customer engagement explains the variation in hotel performance of the registered hotels in Nyeri County.

Table 3. 3 Model Summary of Customer Engagement

R	R Square	Adjusted R Square	Std. Error of the Estimate
.599[a]	.359	.348	.4112746

a. Predictors: (Constant), Customer engagement

From the model summary in Table 3.3 the coefficient of regression, R was 0.599 indicating a positive linear relationship between Customer Engagement and performance of registered hotels. The R^2 value of 0.359 implied that approximately 35.9 per cent of variations in hotel performance was explained by customer engagement.

Table 3. 4 Coefficients for Customer Engagement

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.506	.413		3.650	.001
Customer engagement	0.642	.113	0.599	5.703	.000

a. Dependent Variable: Hotel performance

As shown in Table 3.4, the beta coefficients: customer engagement, $\beta_1 = 0.642$ (t = 5.703, p< 0.05) is statistically significant, thus, the regression equation predicting the influence of the customer engagement on the dependent variable, hotel performance. The linear regression equation fitted using unstandardized coefficients is;

$Y = 1.506 + 0.642 X_{1+} \varepsilon$ where
1.506 is the constant
X_1 customer engagement.

The regression model has two implications; first, holding the independent variable construct at zero, the growth in performance of the selected hotels would be 1.506 units; second, a unit change in customer engagement would lead to a 0.642 change in hotel performance. This findings indicate that the independent variable construct (customer engagement) has a significant positive effect on the performance of registered hotels in Kenya.

3.4. Conculusions

The study concluded that customer engagement has a positive effect on performance of the registered hotels as it promoted brand loyalty and equity while at the same time encouraging repeat purchasing behaviour, improves customer satisfactions through feedback and collaborations. Engaged customers also feel valued by the organizations and are likely refer the firm to fellow customers, friends and families. The study therefore recommends that hotels should deepen customer engagement as an important component of value co-creation process as

this would result in further competitive advantages arising from brand loyalty and equity which in turn leads to enhanced performance.

ACKNOWLEDGEMENT

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