INFLUENCE OF CONSUMER DIGITAL CULTURE ON CONSUMER LOYALTY AMONG STAR-RATED HOTELS IN NAKURU COUNTY, KENYA

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Abstract

Digital marketing has been recently referred as one of the best means to cut through the mess and interact directly with the customer. More specifically the study sought to investigate the role of consumer digital culture on consumer loyalty. The study adopted a descriptive research design with the population comprising all the 21 hotels in Nakuru town in which three employees were targeted making a total number of 63 respondents. A questionnaire with closed ended questions was used to collect primary data. Secondary data was collected from the customer feedback reports from each hotel. Data was analyzed using SPSSV.21, Inferential statistics (mainly multiple regressions). The findings were presented in tables and graphs. The study found out that, 1 unit change in digital marketing (comprising of digital culture, OWM, digital environment and digital advertising) results in 0.40 units increase in customer loyalty. It can therefore be concluded that digital marketing positively affects customer loyalty. The study recommends that similar research should be replicated in other service industries which have adopted digital marketing.

Keywords: Digital marketing, hotel, star-rated, consumer loyalty, Nakuru

1. INTRODUCTION

Digital marketing is the use of the channels in order to reach the desired target market via some of the following channels social media, websites, multimedia advertising, online search engine advertisement, E-marketing, interactive marketing (polls, game adds, mobile marketing) Digital marketing has been considered a new form of marketing and provided new opportunities for companies to do businesses. Marketing activities conducted via digital channels enable advertisers to directly communicate with potential customers in a rapid velocity and regardless the geographical location. Digital marketing has been recently referred as one of the best means to cut through the mess and interact directly with the consumer. Hence, with the trend toward direct, one to one marketing, additional attention is being paid to the use of the digital channels as a means of effectively advertising to consumers. While considering digital channels, the recent development is mobile marketing.

Kenyan mobile market is one of the fastest growing markets due to the increase in the number of middle-income consumers, and is forecasted to attain millions of users in the upcoming decade. Thus, research on digital channel advertising would impact greatly on the way business is done. The development and widespread use of internet technologies have transformed the way society communicates both in their daily and professional life. One of the for the most part important indicator of this transformation is emergence of new communication tools. New communication tools emerging with the development of technologies are called “digital marketing”. When we talk about digital channels, what comes to intellect are Facebook, Twitter,
Instagram and similar social networks that are used online and virtual platforms like web sites, micro blogs and search engines. With the advent of new communication to customers with digital channels, already available communication tools are now fetching to be called as “traditional communication tools”. Traditional communication tools are printed (journals, newspapers etc.), visual (television, cinema etc.) and audio (radio) communication tools.

Since 2013 there has been a significant increase of Visual Storytelling in many marketing campaigns. This involves the use of images across different social media networking sites and Websites. The trend of having a lot of descriptive text has started to dwindle – “as they say, a picture is worth a thousand words.” Secondly, visual storytelling is a quicker way to convey your hotel or resort to potential customers. Competition is also high, and capturing your audience through your storytelling is important. It is estimated that 55% of web users spend less than 15 seconds on a website – meaning you don’t have long to entice your customers. For Hoteliers, understanding where their customers are largely coming from is important. The rise and use of social networking sites such as Facebook, Google +, Twitter, YouTube and more in Kenya – is of vital importance. The rise of mobile use can also not be ignored. The increase in Internet penetration on Mobile platforms in Kenya will make it even more possible for customers to either interact with Hoteliers easily – but more so, research exactly what they are looking for quickly. The use of search engines is another medium that has great importance; not only to the leisure traveler but also business individuals. Having clear strategies on your Search Engine Optimization (SEO) and advertising (Google Ads) is of importance. However, the central part in promoting a destination or premises is defining your story.

II. CONCEPT OF DIGITAL MARKETING

Changing media environment requires a thorough understanding of how communication with customers is now negotiated rather than passively received. The change caused by technological improvements during the last years, has dramatically increased customers’ market power. The internet and other new digital technologies are not only transforming the practice of marketing but also the way we think about it (Wymbs 2011). Today, consumers have more choices, more services, more media, more messages, and more digital conversations than ever. All companies need to better understand, how to do effective marketing communications by utilizing digital possibilities. Online marketing is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers (Solberg, 2000). Like other marketing media, online marketing frequently involves both a publisher, who integrates marketing messages into its online content, and a marketer, who provides the advertisements to be displayed on the publisher's content.

Other potential participants include marketing agencies who help generate and place the advert copy, and a server which technologically delivers the ad and tracks statistics, and marketing affiliates who do independent promotional work for the marketer. Over the past years have witnessed a growing connectivity and usage of internet which have greatly affected digital marketing, for instance it is estimated that the number of registered web sites reached 200 million in 2011 and the number of internet users throughout the world was about two billion, 800 million of whom are Asian and in Kenya it is estimated that 21,273,738 have access to internet which is 47.3% of the total population according to CCK statistics of 2013 with 4.8% penetration rate. With the rapid progress in computer-based business, many firms have made the internet part of their marketing media mix to take advantage of online technologies. Digital marketing education should be supported by universities to increase the business relevance of marketing in the digital age (Wymbs 2011).
III. CONSUMER LOYALTY

Loyalty is a desire to retain a valuable or important relationship (Morgan et al., 2004; Moorman et al. 2005). That way the establishment of loyalty is predetermined by the importance of relevant relationship or selection. Three aspects that may increase the importance of the relationship: Strategic importance of a product, High risks involved in the transaction or Costs incurred by cancellation of contracts. Customer loyalty has several importances. Loyalty is defined as building and sustaining a trusted relationship with customers that leads to the customers’ repeated purchases of products or services over a given period of time (Lam, Shankar, Erramilli, and Murthy, 2004). Customer loyalty, in general, increases profit and growth to the extent that increasing the percentage of loyal customers by as little as 5% can increase profitability by as much as 30% to 85%, depending upon the industry involved (Gefen, 2009). Loyal customers are typically willing to pay a higher price and more understand when something goes wrong. It has also been found that loyal customers are less price sensitive and lower costs are incurred by providers as the expense of pursuing new customers is reduced (Rowley and Dawes, 2000).

The presence of a loyal customer base provides the firm with valuable time to respond to competitive actions (Rowley and Dawes, 2000). According to Frederick Reichheld, creating a loyalty base requires a radical departure from the traditional business thinking. It puts creating customer value rather than maximizing profits and shareholder value at the centre of business strategy and demands significant changes in business practice (Harvard business review). Customers demonstrate their loyalty in several ways. They may choose to stay with a provider, whether this continuance is defined as a relationship or not, or they may increase the number of, or the frequency of, their purchases (Rowley and Dawes, 2000). Trustworthiness of the partner is a factor that has certain impact on the establishment of loyalty –nobody expects a long -term relation with a partner that cannot be trusted.

Trustworthiness is one criterion for measuring the value of the partner. (Doney et al., 1997) Spekman (1988) calls trust a cornerstone of the strategic partnership. Morgan and Hunt (1994: 22) say that trust is a major determinant of relationship commitment: brand trust leads to brand loyalty because trust creates exchange relationships that are highly valued. Chauduri and Holbrook (2001) have showed that brand trust is directly related to both purchase and attitudinal loyalty. Many authors have accented that trust is important in conditions of uncertainty (Moorman et al., 1992; Doney et al., 1997; Dwyer et al., 1987; Morgan et al., 1994). Uncertainty may be caused by dependence or large choice: people tend then to prefer popular or familiar brands or partners.

IV. STAR RATED HOTELS IN NAKURU COUNTY

Nakuru county is located 60 km North west of Nairobi, situated at an altitude of 1859m above the sea level and it is within the region of the Great Rift Valley whose formation gave rise to a unique natural structure. The town has 14 star rated hotels as at the close of 2015 in which the majority of them are three and four rated stars hotels. A hotel is a building where people stay, for example on holiday, paying for their rooms and meals a commercial establishment providing lodging, meals and other guest services (Collins, 2009). In general, to be called a hotel, an establishment must have a minimum of six letting bedrooms, at least three of which must have attached private bathroom facilities. Hotels are classified into ‘star’ categories (one-star to five-star), there is no worldwide standard method of assigning this rating but a rough guide is; a one-star hotel provides a limited range of amenities and services, but adheres to a high standard of facility-wide cleanliness. A two-star hotel provides good accommodation and better equipped bedrooms, each with a telephone and attached private bathroom. A three-star hotel has more spacious rooms and adds high-class decorations and furnishings and
color TV. It also offers one or more bars or lounges. A four-star hotel is much more comfortable and larger, and provides excellent cuisine, room service, and other amenities. A five-star hotel offers most luxurious premises, widest range of guest services, as well as swimming pool and sport and exercise facilities.

In Kenya, hotels are graded in accordance with the star classifications system. They range from the small town hotels to the five-star town and beach hotels. The game lodges are luxurious and are situated in rural surroundings that are symbolic of Kenya’s scenic splendor. Smaller or budget hotels and beach villas offer comfortable accommodation and good service at very reasonable rates.

V. STATEMENT OF THE PROBLEM

The rise of digital marketing has had profound effects on marketing and is shaping the marketing experience. Going forward, the effectiveness and low cost of digital marketing will compel many businesses to rethink the size and makeup of their marketing budgets. In today’s dynamic global competitive business environment, technology-based service is no longer an afterthought; rather it is a must for public and private organizations. It has become necessary for organizations to provide their customers with cost-effective total solution and better customer satisfaction with innovative ideas and methods. Especially with the emergence of Information and Communication Technology (ICT), organizations are forced to shift their operation from the traditional style to e-platforms e.g e-business, e-advertising, e-procurement, and e-supply chain philosophy in order to sustain themselves (Lee et al., 2011).

The Kenyan hotel industry is embracing digital marketing technology with its due advantages. Digital marketing in particular offers the traditional players in the hotel industry the opportunity to add a low cost advertising channel to their numerous platforms. The tourism sector has played a significant role in the growth of economies all over the world especially in Kenya. In addition, the industry is one of the most profitable in Kenya, however, due to liberalization, globalization, technological advancement and more enlightened customers, it has been faced with several challenges emanating from the operating environment. It is as a result of these challenges that the hotels have had to change tact in order to remain competitive. The advancement in technology has provided an opportunity for businesses in hospitality to introduce great innovations. The convergence of hospitality services with electronic technologies means that hotels are able to advertise their products with ease and consumers are able to get feedback and services at any places overcoming challenges of traditional marketing platforms. However, it remains unclear whether the adoption of digital marketing by hotels in tourism sector in Kenya has an effect on the customer loyalty. It is against this background that the study investigated the influence of digital marketing on customer loyalty in among star rated hotels in Nakuru.

VI. OBJECTIVE OF THE STUDY

To examine the influence of consumer digital culture on customer loyalty among star rated hotels in Nakuru County.

VII. RESEARCH HYPOTHESIS

Consumer digital culture has no significant influence on customer loyalty among star rated hotels in Nakuru County.
VIII. THEORETICAL REVIEW

Porter’s five forces Model

The theoretical perspective views competitive advantage as a position of superior performance that a firm achieves through offering cost advantages or benefit advantages (Porter, 1980). This model attributes competitive advantage to the external environmental factors that a firm must respond to such as erecting barriers of entry to competitors, product differentiation, capital requirements, and buyer switching costs (Lado et al., 2002). The theory says that competition within an industry is determined by five forces namely; rivalry of industry competitors, threat of new entrants, bargaining power of buyers, bargaining power of suppliers, and the threat of substitute products (Porter, 1980).

The theory further says that basing on the strengths or weaknesses of industry players, the competitive position of individual firms is partly determined, the rest of the external threats notwithstanding. Secondly, prospective new entrants to the industry, the bargaining power of buyers, the bargaining power of suppliers, and threat of substitute products, altogether have a potential of reducing considerably the competitiveness of organizations in the market place. Industry structure determines who will capture the value, but a firm is not a complete prisoner of industry structure - firms can influence the five forces through their own strategies. The five forces framework highlights what is important, and directs managers toward those aspects most important to long-term advantage. In this framework, gaining competitive advantage is determined primarily by responding effectively to industry-specific requirements. The five forces model constitutes a very useful way of thinking about and analyzing the nature of competition within an industry. However, the model presents a static picture of competition which slights the role of innovation and de-emphasizes the significance of individual company differences while overemphasizing the importance of industry and strategic group structure as determinants of company growth rates (Porter, 1980).

IX. CONCEPTUAL FRAMEWORK

![Conceptual Framework Diagram]

X. CONSUMER DIGITAL CULTURAL AND CUSTOMER LOYALTY

Consumer digital culture research considers, quite deeply, the digital environments in which consumers are situated. A key aspect of this work has been understanding how consumers’ identities and self-concepts extend into digital worlds, such as work by (Belk, 2014). Belk (2014) extended his prior work on the “extended self” to incorporate the digital environments in which consumers now situate themselves, which is an important piece of theory development because it considers concepts such as the ability for consumers to have multiple selves due to possessing multiple online “personas.” Belk also suggests many areas for future research. Other research under this theme looked at more specific phenomena. McQuarrie (2013) focused on fashion blogging as a means of documenting the “megaphone effect,” which is the ability for regular consumers to access large audiences through digital/social media.
This is an important effect and they discussed how bloggers go about building audiences and accumulating social (or cultural) capital through demonstrations of “good taste.” In a social media setting this essentially means that a blogger (or “influencer”) makes recommendations that signal her expertise to others. This is in a specific setting, but has implications for understanding consumers’ content-generation behaviors on social media more generally, since signaling positive personal attributes is likely a common motivation for posting certain things on sites like Facebook. Together, these articles make an important conceptual contribution around how we see consumers in a digital world, particularly by implying an expanded conception of what it is to be a consumer in today’s digital world.

XI. CUSTOMER CHARACTERISTICS

All customers are not equally responsive to digital marketing or willing to engage in it. It is useful for a company to know which customers have the most future potential, and which are more likely worth the investments in For example, Cram (2001), suggests that customers have four primary needs and motivations, which drive their behavior and relationship orientation. Best-deal customers seek for lowest price, and there is no value in a relationship for them. Novelty seekers are innovators, whose driving force is curiosity. They seek variety and take risks. Involvement customers want to belong, to be recognized and to be regularly in touch with the marketer. Certainty customers avoid risks and do not want any surprises. They want continuity but do not actively seek a relationship with the supplier. Although this classification is a broad generalization, it would be useful in a similar way to examine what motivates different customers to engage in a relationship with a marketer in the digital environment.

Some studies related to this have already been conducted. Kwak et al., (2002) surveyed Internet users and explored consumer attitudes, Internet experiences, demographics, and personality traits that may potentially influence consumers’ online purchasing, and the type of purchases they are willing to make. In the study it was found that gender (male), high income, and opinion leadership increase the odds for online purchases. Furthermore, it was found that consumers’ web purchasing may not be considerably enhanced by their mere exposure to Internet advertising. Instead, online consumers’ buying behavior may be rooted in their self-generated interests with the subjects of the web before they surf the online marketplace.

It is important to examine what drives consumer attitudes towards using online and other technology-based services. Dabholkar and Bagozzi (2012) tested the moderating effects of consumer traits and situational factors on attitudes and intentions toward using technology-based self-services. They identified ease of use, performance, and fun to have direct effects on attitudes toward using the services, and self-efficacy (level of confidence to use technology-based self-service), inherent novelty seeking, need for interaction (with a service employee), self-consciousness, perceived waiting time, and social anxiety (discomfort through perceived crowding) to be moderating variables. Similarly, consumers’ tendency to engage in web communities and other relational activities varies a lot, depending on their communal, exchange, and relationship orientation traits (Mathwick 2002). These findings suggest that in order to enhance customer loyalty marketers should develop and promote different factors of digital marketing depending on customer characteristics.

XII. RESEARCH METHODOLOGY

Descriptive research design was used. This research design involves measuring a set of variables as they exist naturally (Gravetter & Forzano, 2011). The design offers the researcher a profile or to describe relevant aspects of the phenomena of interest from an individual, organization or other perspectives (Sekaran, 2003). The target population comprised of marketing managers and receptionists of star-rated hotels located in Nakuru Central.
Business District. According to the Central Rift Tourism Office, there are 21 star-rated hotels in the Nakuru County as at 31st December 2016. The Managers, marketing managers and receptionists/customer care desk are people who are in touch with customers on a daily basis within the hotels, and play a central role in the selection and implementation of marketing platforms; hence, their selection as respondents for this study. Both primary and secondary data was used for the study. A structured questionnaire made of closed ended questions was employed for standardization of the answers given and ease of analysis. In addition, for ease of quantitative data analysis, a Likert type scale will be incorporated for the subjects to choose their responses which would then enable the researcher to weigh in on the options selected, alongside closed ended questions. For the secondary data, a succinct content analysis on customer responses to advertising was analyzed. The questionnaires were tested for validity and reliability. The data collected will be examined before analysis for completeness and consistency. The data will be analyzed using descriptive statistics, correlation analysis, and multiple regression analysis. The methodology will be aided by SPSS Version 22. Feasible Generalized Least Square estimation will be performed after accounting for various violations of classical linear regression assumptions. Descriptive statistics will be used to summarize and explain the study variables as observed in the Hotels. The study will use panel estimation technique in analyzing independent variables to the dependent variables. Pooled OLS could be used but it may distort the true picture of the relationship between the variables. Pooled OLS disregards the space and time dimensions while individual heterogeneity of companies exist i.e. it assumes that all companies are the same. The results will be presented using frequencies, percentages, measures of central tendencies and dispersion displayed in tables. Inferential statistics, multiple regressions will be used to test the relationship between the digital marketing and consumer loyalty in the hotels in Nakuru County.

XIII. RESULTS AND DISCUSSIONS

The study targeted a total of 63 respondents however only 53 respondents responded and returned their questionnaires contributing to 84 percentage response rate. According to Mugenda and Mugenda (1999) a response rate of 50% is adequate for analysis and reporting rate of 60 % is good and a rate of 70% and over is excellent; therefore, this response rate is adequate for analysis and reporting

**Consumer Digital Culture on Consumer Loyalty**

The study sought to establish the influence of Consumer digital culture on consumer loyalty. The results of the analysis on factors associated with consumer digital culture and how it influences customer loyalty are shown in Table 1. From the study, it was observed that to the moderate extent customer enquiries are mostly done in the digital platform as indicated by a mean of 3.69,customers are able to develop self-concept on products advertised online to a moderate extent as indicated by a mean of 3.91 Majority of customers prefers interaction with hotels on digital platform to the great extent as indicated by a mean of 4.14;the majority of the respondents also agreed to the greater extent that Customers prefer one to one communication on the digital platform as indicated by a mean of 4.03.

**Table 1: Consumer Digital Culture**

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
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<tbody>
<tr>
<td>Customer enquiries are mostly done in the digital platform</td>
<td>53</td>
<td>1</td>
<td>5</td>
<td>3.69</td>
<td>.993</td>
</tr>
<tr>
<td>Our customers are able to develop self-concept on products that we advertise online</td>
<td>53</td>
<td>2</td>
<td>5</td>
<td>3.91</td>
<td>.853</td>
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</table>
Majority of customers prefers interaction with hotels on digital platform

<table>
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<th>N</th>
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<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
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<tbody>
<tr>
<td>53</td>
<td>2</td>
<td>5</td>
<td>4.14</td>
<td>.772</td>
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Customers prefer one to one communication on the digital platform

<table>
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<th>N</th>
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<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
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<tbody>
<tr>
<td>53</td>
<td>1</td>
<td>5</td>
<td>4.03</td>
<td>.954</td>
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On consumer loyalty, the findings were as shown in table 2 below. The findings indicated that the respondents were in agreement that the cost of transaction has gone down with the use of digital marketing in comparison to when traditional platforms were being used. Further they agreed that the hotels customer loyalty has increased with the use of digital advertising and strongly agreed that the web traffic rate has increased. Respondents in addition agreed that the uptake of the hotel products has increased under the use of digital marketing and that the hotel market segment has improved over time under the use of digital marketing. They also observed that the hotel customer base has improved over time

Table 2: Customer Loyalty

<table>
<thead>
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<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
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<tbody>
<tr>
<td>Cost</td>
<td>35</td>
<td>1</td>
<td>5</td>
<td>3.77</td>
</tr>
<tr>
<td>Advertising</td>
<td>35</td>
<td>2</td>
<td>5</td>
<td>3.94</td>
</tr>
<tr>
<td>Traffic</td>
<td>35</td>
<td>2</td>
<td>5</td>
<td>4.09</td>
</tr>
<tr>
<td>Uptake</td>
<td>35</td>
<td>2</td>
<td>5</td>
<td>4.09</td>
</tr>
<tr>
<td>Segment</td>
<td>35</td>
<td>3</td>
<td>5</td>
<td>4.07</td>
</tr>
<tr>
<td>Customer</td>
<td>35</td>
<td>3</td>
<td>5</td>
<td>4.20</td>
</tr>
</tbody>
</table>

XIV. CONCLUSIONS AND RECOMMENDATIONS

From the findings of the study it was observed that consumer loyalty increased with continued adoption of digital marketing. It can therefore be concluded that digital marketing positively affects customer loyalty. It can also be concluded that majority of the hotels have adopted digital marketing practices as a means of reaching their customers. It can further be concluded that the respondents are gradually embracing digital marketing as a tool for boosting service delivery to customers. This is supported by the high number of respondents who indicated that they have a digital marketing system in their hotels which is encouraging despite having a small minority who did not reckon with digital marketing.

From the outcome of the study, it is recommended that management of the hotels should consider digital marketing as a critical determinant of customer loyalty. For digital culture, hotels should ensure that they have embraced it in their marketing activities. It is important that hotels take a critical look on their products for easy develop self-concept on products by customers.

REFERENCES


