CUSTOMER RETENTION STRATEGIES AND LOYALTY PERTAINING TO TOURISTS TOWARDS STAR HOTELS IN MADURAI DISTRICT, TAMIL NADU: A STUDY

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Abstract

Customer retention is the continuous process or set of actions carried out to decrease churn rate of customers and it is the different types of relation with customers that service organizations manage in a long run. Star hotels are large and fashionable hotels that adopt unique retention strategies in order to satisfy tourists and make them loyal to them. The findings reveal that more than two fifth of tourists viewed that customer retention strategies in star hotels is at moderate level. Significant difference is prevailing between customer retention strategies in star hotels and socio-economic profile of tourists. Loyalty of tourists towards star hotels has positive, significant and high relation with customer retention strategies in star hotels. To improve customer retention strategies in star hotels, they should arrange guest programmes and must offer free trips to tourists. In addition, star hotels must issue loyalty cards and they should build relation with tourists through online platforms.

***Keywords:** Customer Retention Strategies, Loyalty, Star Hotels, Tourists.*

Introduction

In present times, retention of customer is of greater importance in all service sectors and it is essential to know what services organizations are adopting various strategies and activities to retain their customers (Hau and Ngo, 2012). Customer retention is the continuous process or set of actions carried out to decrease churn rate of customers and it is the different types of relation with customers that service organizations manage in a long run (Tukel and Dixit, 2013). Service organizations are recurrently adopting innovative practices to obtain and retain their customers because acquisition of new customers is costlier and services and their qualities are considered as significant components among others in retention of customers especially in hotel industry (Choi and Chu, 2001).

The Indian hotel industry flourishes mainly because of the growth of tourism and travel. Because of increasing tourism activities along with growing visits of domestic and foreign tourists, hotel industry is bound to expand. The hotel industry alone contributes nearly one per cent to Gross Domestic Product of India. The Indian hotel industry has witnessed a considerable growth in room inventory across all categories of hotels (Angamuthu, 2015). At the same time, the hotel industry in India is facing stiff competition, higher turnover of customers, increasing cost for acquisition of customers and ever growing demands from customers. The success,

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performance and competitiveness of all types of hotel are highly relying on their capabilities to satisfy customers in the most efficient ways (Kasim and Minai, 2009). The satisfied customers generate a better relation with hotels and it leads to loyalty and retention of customers (Baloglu, 2002). Star hotels are large and fashionable hotels that adopt unique retention strategies in order to satisfy tourists and make them loyal to them. Thus, it is necessary to study customer retention strategies and loyalty pertaining to tourists towards star hotels.

Review of Literature

Lin and Wu (2011) concluded that quality of services, trust, offers and satisfaction were positively and significantly influencing retention of customers in hotel industry. Ling et al (2012) found that type of services, quality of services, trust, image of hotel were affecting retention of customers with hotels.

Khan (2013) revealed that reputation, services, quality of food, reception, security, cost and accommodation facilities were affecting retention of customers in hotel sector and these retention measures were in turn influencing loyalty of customers. Jani and Hanb (2014) showed that loyalty programmes, quality of service, values, image, trust and satisfaction were positively and significantly related with loyalty of customers towards hotels.

Liat and Chiau (2015) indicated that quality of services, value, reputation, trust and satisfaction were affecting loyalty of customers towards hotels. Suraj (2016) concluded that discounts, commentary food, loyalty cards, birthday greetings, happy hours and gift coupons were customer retention strategies adopted by standalone restaurants.

Chetioui et al (2017) found that orientation, knowledge, organization and technology of customer relationship management practice had positive and significant impact on retention of customers in hotel industry. Alsheikh et al (2018) revealed that convenience, trust, image and emotion of customers were positively and significantly related with their loyalty towards hotels in Malaysia, while, image, emotion and convenience were positively and significantly influencing loyalty of customers towards hotels in Jordan.

Objectives of the Study

- To examine view of tourists on customer retention strategies in star hotels.
- To scrutinize difference amongst socio-economic profile of tourists and customer retention strategies in star hotels.
- To study relation amongst customer retention strategies and loyalty of tourists towards star hotels.

Hypotheses of the Study

- There is no significant difference amongst customer retention strategies in star hotels and socio-economic profile of tourists.
- There is no significant relation amongst customer retention strategies and loyalty of tourists towards star hotels.

Methodology

The present study is carried out in Madurai district of Tamil Nadu. Tourists are selected through convenience sampling method and structured questionnaire is used to gather

data from 300 tourists. Percentages are calculated to understand socio-economic profile of tourists and mean and standard deviation are worked out to know view of tourists on customer retention strategies in star hotels and their loyalty towards star hotels. t-test and ANOVA test are done to scrutinize difference amongst socio-economic profile of tourists and customer retention strategies in star hotels. Simple correlation analysis is used to study relation amongst customer retention strategies and loyalty of tourists towards star hotels.

Results

- **Socio-Economic Profile of Tourists**

     The socio-economic profile of tourists is given in Table-1. The findings make clear that 61.33 per cent of them are domestic tourists, whilst, 38.67 per cent of them are international tourists and 66.33 per cent of them are males, whilst, 33.67 per cent of them are females. The findings disclose that 35.33 per cent of tourists are belonging to age category of 31 – 35 years, whilst, 14.67 per cent of them are belonging to age category of 21 – 25 years and 40.33 per cent of them are bearing college education, whilst, 24.00 per cent of them are bearing informal education. The findings elucidate that 36.67 per cent of tourists are earning monthly income of Rs.30,001 – Rs.40,000, whilst, 15.33 per cent of them are earning monthly income of less than Rs.30,000 and 83.67 per cent of them are married, whilst, 16.33 per cent of them are unmarried.

Table 1: Socio-Economic Profile of Tourists

Socio-Economic Profile	Number of Tourists	Percentage
Kind of Tourist		
Domestic	184	61.33
International	116	38.67
Gender		
Male	199	66.33
Female	101	33.67
Age Category		
21 – 25 Years	44	14.67
26 – 30 Years	91	30.33
31 – 35 Years	106	35.33
36 – 40 Years	59	19.67
Education		
Informal	72	24.00
School	107	34.67
College	121	40.33
Monthly Income		
Less than Rs.30,000	46	15.33
Rs.30,001 – Rs.40,000	110	36.67
Rs.40,001 – Rs.50,000	87	29.00
More than Rs.50,000	57	19.00
Marital Status		
Married	251	83.67
Unmarried	49	16.33

- **Customer Retention Strategies in Star Hotels**

     The view of tourists on customer retention strategies in star hotels is given in Table 2.

Table 2: View of Tourists on Customer Retention Strategies in Star Hotels

Customer Retention Strategies	Mean	Standard Deviation
Star hotels offer superior quality of services	3.96	0.88
Star hotels give membership cards	3.86	0.96
Star hotels arrange guest programmes	3.33	1.04
Star hotels provide gift coupons	3.92	0.92
Star hotels give birthday offers	3.90	0.95
Star hotels offer free trips	3.29	1.08
Star hotels send greetings on special occasions	3.89	0.93
Star hotels give discounts	3.94	0.91
Star hotels provide complementary breakfast	3.91	0.97
Star hotels issue loyalty cards	3.37	1.07
Star hotels build relation through online	3.35	1.05
Star hotels get feedback regularly	3.85	0.99

The tourists are agreed with star hotels offer superior quality of services, star hotels give membership cards, star hotels provide gift coupons, star hotels give birthday offers, star hotels send greetings on special occasions, star hotels give discounts, star hotels provide complimentary breakfast and star hotels get feedback regularly, while, they are neutral with star hotels arrange guest programmes, star hotels offer free trips, star hotels issue loyalty cards and star hotels build relation through online.

- **Socio-Economic Profile of Tourists & Customer Retention Strategies in Star Hotels**

The distribution of tourists based on customer retention strategies in star hotels is given in Table 3. The customer retention strategies in star hotels are segregated into low, moderate and high levels on the basis of Mean ± SD. Mean is 40.71 and SD is 4.87.

Table 3: Distribution of Tourists Based on Customer Retention Strategies in Star Hotels

Level of Customer Retention Strategies	Number of Tourists	Percentage
Low	67	22.33
Moderate	131	43.67
High	102	34.00
Total	**300**	**100.00**

Amongst 300 tourists, 34.00 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 22.33 per cent of them recognized that it is low.

- **Kind of Tourists and Customer Retention Strategies**

The relation amongst kind of tourists and customer retention strategies is given in Table 4.

Table 4: Kind of Tourists and Customer Retention Strategies

Kind of Tourist	Level of Customer Retention Strategies			Total	t-Value	Sig.
	Low	Moderate	High			
Domestic	45 (24.46)	82 (44.56)	57 (30.98)	184 (61.33)	4.954	.000
International	22 (18.97)	49 (42.24)	45 (38.79)	116 (38.67)		
Total	**67 (22.33)**	**131 (43.67)**	**102 (34.00)**	**300 (100.00)**	-	-
Eta Squared	.023					

(The figures in the parentheses are per cent to total)

Amongst 184 domestic tourists, 30.98 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 24.46 per cent of them recognized that it is low. Amongst 116 international tourists, 38.79 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 18.97 per cent of them recognized that it is low. The t-value is 4.954 and it is significant at one per cent level demonstrating that significant difference is exiting in customer retention strategies among kind of tourists. Accordingly, null hypothesis is not accepted. The eta squared value is 0.023 exhibiting that the effect size is small and it reveals that the actual difference in mean values between groups is small.

- **Gender and Customer Retention Strategies**

The relation amongst gender of tourists & customer retention strategies is given in Table 5.

Table 5: Gender and Customer Retention Strategies

Gender	Level of Customer Retention Strategies			Total	t-Value	Sig.
	Low	Moderate	High			
Male	51 (25.63)	91 (45.73)	57 (28.64)	199 (66.33)	2.218	.027
Female	16 (15.84)	40 (39.60)	45 (44.56)	101 (33.67)		
Total	67 (22.33)	131 (43.67)	102 (34.00)	300 (100.00)	-	-
Eta Squared	.015					

(The figures in the parentheses are per cent to total)

Amongst 199 tourists who are males, 28.64 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 25.63 per cent of them recognized that it is low. Amongst 101 tourists who are females, 44.56 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 15.84 per cent of them recognized that it is low. The t-value is 2.218 and it is significant at five per cent level demonstrating that significant difference is exiting in customer retention strategies among gender of tourists. Accordingly, null hypothesis is not accepted. The eta squared value is 0.015 exhibiting that the effect size is small and it reveals that the actual difference in mean values between groups is small.

- **Age Category and Customer Retention Strategies**

The relation amongst age category of tourists and customer retention strategies is given in Table 6.

Table 6: Age Category and Customer Retention Strategies

Age Category	Level of Customer Retention Strategies			Total	F-Value	Sig.
	Low	Moderate	High			
21 – 25 Years	11 (25.00)	19 (43.18)	14 (31.82)	44 (14.67)	5.970	.000
26 – 30 Years	20 (21.98)	38 (41.76)	33 (36.26)	91 (30.33)		
31 – 35 Years	21 (19.81)	48 (45.28)	37 (34.91)	106 (35.33)		
36 – 40 Years	15 (25.42)	26 (44.07)	18 (30.51)	59 (19.67)		
Total	67 (22.33)	131 (43.67)	102 (34.00)	300 (100.00)	-	-
Eta Squared	.046					

(The figures in the parentheses are per cent to total)

Amongst 44 tourists who are belonging to age category of 21 – 25 years, 31.82 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 25.00 per cent of them recognized that it is low. Amongst 91 tourists who are belonging to age category of 26 – 30 years, 36.26 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 21.98 per cent of them recognized that it is low. Amongst 106 tourists who are belonging to age category of 31 – 35 years, 34.91 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 19.81 per cent of them recognized that it is low. Amongst 59 tourists who are belonging to age category of 36 – 40 years, 30.51 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 25.42 per cent of them recognized that it is low. The F-value is 5.970 and it is significant at one per cent level demonstrating that significant difference is exiting in customer retention strategies among age category of tourists. Accordingly, null hypothesis is not accepted. The eta squared value is 0.046 exhibiting that the effect size is small and it reveals that the actual difference in mean values between groups is small.

- **Education and Customer Retention Strategies**

The relation amongst education of tourists and customer retention strategies is given in Table 7.

Table 7: Education and Customer Retention Strategies

Education	Level of Customer Retention Strategies			Total	F-Value	Sig.
	Low	Moderate	High			
Informal	9 (12.50)	29 (40.28)	34 (47.22)	**72 (24.00)**		
School	26 (24.30)	53 (49.53)	28 (26.17)	**107 (34.67)**	4.425	.013
College	32 (26.45)	49 (40.49)	40 (33.06)	**121 (40.33)**		
Total	**67 (22.33)**	**131 (43.67)**	**102 (34.00)**	**300 (100.00)**	-	-
Eta Squared	.029					

(The figures in the parentheses are per cent to total)

Amongst 72 tourists who are bearing informal education, 47.22 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 12.50 per cent of them recognized that it is low. Amongst 107 tourists who are bearing school education, 26.17 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 24.30 per cent of them recognized that it is low. Amongst 121 tourists who are bearing college education, 33.06 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 26.45per cent of them recognized that it is low. The F-value is 4.425 and it is significant at one per cent level demonstrating that significant difference is exiting in customer retention strategies among education of tourists. Accordingly, null hypothesis is not accepted. The eta squared value is 0.029 exhibiting that the effect size is small and it reveals that the actual difference in mean values between groups is small.

- **Monthly Income and Customer Retention Strategies**

The relation amongst monthly income of tourists and customer retention strategies is given in Table 8.

Table 8: Monthly Income and Customer Retention Strategies

Monthly Income	Level of Customer Retention Strategies			Total	F-Value	Sig.
	Low	Moderate	High			
Less than Rs.30,000	21 (45.65)	15 (32.61)	10 (21.74)	46 (15.33)	6.277	.000
Rs.30,001 – Rs.40,000	18 (16.36)	54 (49.09)	38 (34.55)	110 (36.67)		
Rs.40,001 – Rs.50,000	14 (16.09)	35 (40.23)	38 (43.68)	87 (29.00)		
More than Rs.50,000	14 (24.56)	27 (47.37)	16 (28.07)	57 (19.00)		
Total	67 (22.33)	131 (43.67)	102 (34.00)	300 (100.00)	-	-
Eta Squared	.060					

(The figures in the parentheses are per cent to total)

Amongst 46 tourists who are earning monthly income of less than Rs.30,000, 21.74 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 45.65 per cent of them recognized that it is low. Amongst 110 tourists who are earning monthly income of Rs.30,001 – Rs.40,000, 34.55 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 16.36 per cent of them recognized that it is low. Amongst 87 tourists who are earning monthly income of Rs.40,001 – Rs.50,000, 43.68 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 16.09 per cent of them recognized that it is low. Amongst 57 tourists who are earning monthly income of more than Rs.50,000, 28.07 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 24.56 per cent of them recognized that it is low. The F-value is 6.277 and it is significant at one per cent level demonstrating that significant difference is exiting in customer retention strategies among monthly income of tourists. Accordingly, null hypothesis is not accepted. The eta squared value is 0.060 exhibiting that the effect size is small and it reveals that the actual difference in mean values between groups is small.

- **Marital Status and Customer Retention Strategies**

The relation amongst marital status of tourists and customer retention strategies is given in Table 9.

Table 9: Marital Status and Customer Retention Strategies

Marital Status	Level of Customer Retention Strategies			Total	t-Value	Sig.
	Low	Moderate	High			
Married	59 (23.51)	112 (44.62)	80 (31.87)	251 (83.67)	2.141	.033
Unmarried	8 (16.33)	19 (38.77)	22 (44.90)	49 (16.33)		
Total	67 (22.33)	131 (43.67)	102 (34.00)	300 (100.00)	-	-
Eta Squared	.013					

(The figures in the parentheses are per cent to total)

Amongst 251 tourists who are married, 31.87 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 23.51 per cent of them recognized that it is low. Amongst 49 tourists who are unmarried, 44.90 per cent of them recognized that the level of customer retention strategies in star hotels is high, whilst, 16.33 per cent of them recognized that it is low. The t-value is 2.141 and it is significant at five per cent level demonstrating that significant difference is exiting in customer retention strategies among marital status of tourists. Accordingly, null hypothesis is not accepted. The eta squared value is 0.013 exhibiting that the effect size is small and it reveals that the actual difference in mean values between groups is small.

- **Loyalty of Tourists Towards Star Hotels**

The loyalty of tourists towards star hotels is given in Table 10.

Table 10: Loyalty of Tourists towards Star Hotels

Loyalty	Mean	Standard Deviation
I will certainly stay in this star hotel in near future	3.95	0.85
I will stay in this star hotel during my next visit	3.98	0.81
I will suggest this star hotel to my relatives and friends	3.87	0.94
I will choose this star hotel even it is expensive compare to others	3.84	0.98
I will say positive aspects of this star hotel to other people	3.39	1.09

The tourists are agreed with they will certainly stay in this star hotel in near future, they will stay in this star hotel during their next visits, they will suggest this star hotel to their relatives and friends and they will choose this star hotel even it is expensive compare to others, while, they are neutral with they will say positive aspects of this star hotel to other people.

- **Relation Amongst Customer Retention Strategies and Loyalty of Tourists Towards Star Hotels**

The relation amongst customer retention strategies and loyalty of tourists towards star hotels was studied by using correlation analysis and the results are given in Table 11.

Table 11: Relation amongst Customer Retention Strategies and Loyalty of Tourists towards Star Hotels

Particulars	Correlation Co-efficient
Customer Retention Strategies and Loyalty of Tourists towards Star Hotels	0.63**

** Significance at 1% level

The correlation coefficient amongst customer retention strategies and loyalty of tourists towards star hotels is 0.63 and it is significant at one per cent level as it explains that both are positively and highly interrelated.

Conclusion

The findings of this study explicate that more than two fifth of tourists viewed that customer retention strategies in star hotels is at moderate level. Significant difference is prevailing between customer retention strategies in star hotels and socio-economic profile of tourists. Loyalty of tourists towards star hotels has positive, significant and high relation with customer retention strategies in star hotels. To improve customer retention strategies in star hotels, they should arrange guest programmes and must offer free trips to tourists. In addition, star hotels must issue loyalty cards and they should build relation with tourists through online platforms.

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