

## Customer Orientation Services and Customer Retention in Hotels in Umuahia, Abia State, Nigeria

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### **Abstract**

*The study focused on the customer orientation service culture and its implication on customer retention in hotel industry in Umuahia, Abia State. To achieve the objective of the study, descriptive research design was adopted. The study was carried out in Umuahia using hotels randomly selected. The researcher used questionnaire as the instrument for data collection. The structured questionnaire was administered to both management and staff with a total population of 144. The instrument was validated using three experts selected from Department of Hospitality Management and Tourism, Michael Okpara University of Agriculture, Umudike, Abia State and the it was tested for reliability using Chronbach Alpha that revealed a coefficient value of 0.85. All the variables revealed a mean value above 2.50 indicating acceptance. The findings revealed that customer orientation service culture influences customer retention, service culture, customer satisfaction and customer repeat purchases. The study recommends that from market orientation perspective, the company should learn how to adapt to customer and to changing consumer lifestyle and behavior. Hotels should maintain and improve on quality service for the purpose of enhancing customer retention in hotels.*

**Keywords:** Customer orientation, customer retention, customer services, service culture

### **Introduction**

Customer orientation is a set of beliefs that prioritize customer's interests while it does not neglect stakeholders like owners, managers and employees in order to establish a company with long-term profitability (Bellou, 2017). Customer-orientation points to an extent in which organization and its members concentrate their efforts on customer's understanding and satisfaction (Boubakri, Zghidi & Zaiem, 2015). Customer-orientation is described as an aspect of the organizational culture which increases both customers' interests and organizational success. It should therefore be noted that the basics and principles of serving the customers are necessary in creating a trustable organizational culture because customers are the surviving force for any organization and there is no alternative for good services to customers.

The concept of customer orientation is the set of behaviors and beliefs that places a priority on customers' interests and continuously creates superior customer value (Awwad & Agti, 2011). The majority of customer-oriented firms would 'stay close to the customers', as a means of identifying, understanding and monitoring their needs. Consequently, understanding the needs of customers requires strong market sensing and customer-relating capabilities

(Kirca, Jayachandran & Beardran, 2015). Customer-oriented firms foster direct customer contact, rely on focus groups and customer surveys to collect information about customer desires and perceptions of current products and services, and use customer-supplied information to design and deliver products and services. Furthermore, customer-oriented firms attempt to develop close relationships with customers to gain greater insights of their needs (Kirca *et al.*, 2015). Moreover, for a company to be customer oriented, their employees too must be customer oriented (Neill & Richard, 2012; Stock & Watson, 2013). The definition of employee customer orientation usually falls into one of two perspectives: one focuses on the attitudes and beliefs of the employees, and the other focuses on actual behavior (Stock and Watson, 2013). By considering the attitudinal and belief perspective, a customer-oriented behavior is the ability of the service provider to help consumers, which leads not only to an increase in customer satisfaction and a positive relationship with employee performance but also a level of emotional commitment to the organization of these consumers, and more importantly, for retaining these consumers, especially in the case of services with high interaction, as seen in the hotel industry. Research has shown that customer orientation has positive effects on customer retention, sales performance, quality perception by the consumer, and construction of buyer-seller relationships and customer satisfaction. This is an essential factor for success in organizations in the service sector.

In the analysis of observations of their research, suggest that most customers were not looking for excellence reflected in a clean, pleasant staff, accurate and value for money. Many customers was emphasized that "the little things that count" an aspect capable of exceeding customer expectations. Customers seem to be very happy when they experience a useful service, friendly and helpful, it also provides accurate and represents value for money. A customer orientation focuses primarily on the realization of the interests and needs of customers and delivers appropriate solutions to their requests (Bellou 2017). Nevertheless, in an environment of high contact as the hotel industry, the physical evidence (tangible) gives strong clues as to the quality of the service provider to communicate a message to the customer about the establishment before and during the meeting, and strongly influences assessing the overall experience. Therefore, this study purposed to assess the influence customer orientation services and customer retention in hotels in Umuahia, Abia State, Nigeria.

Customer orientation is widely acclaimed to consist of both 'attitudinal' and 'behavioural' dispositions of the employees toward helping customers in making their purchasing choices and decisions. Through this service assistance, the employees help their firm to satisfy the customers' long-term needs (Awwade & Agti, 2011). The attitude and behaviour disposed by the employees determine largely their orientation toward the customers. Customer orientation behaviour is demonstrated by a series of customer service activities carried out by employees (usually the frontline employees) to enhance the level of customer satisfaction. Substantively therefore, an employee that is customer oriented can be described through behavioural intentions and readiness to carry out customer services activities satisfactorily. In support of this assertion, Stanley (2017) describe a customer oriented

employee as one who is committed to behaviors which lead to the long-term satisfaction of the customers rather than short term self-interest.

Brady & Cronin (2011) described customer orientation as an employee's tendency or predisposition to meet customers' needs in the job context. Other researchers also present customer orientation as a belief (Kirca *et al.*, 2015) or value (Wieseke *et al.*, 2017) held by an employee concerning the importance of satisfying customer needs. Customer Orientation has been widely used in many customer satisfaction studies (Prabhu, 2013). The concept refers mainly to the marketing principle that addresses the significance of considering customer needs and wishes throughout the organization. Customer orientation is ordinarily the principle of readiness to meet and respond promptly to customers' needs and wants. It is the total packages of external customers' welfare in an organization. When a customer orientation approach is taken, there is likelihood of higher performance and quality delivery services by employees.

The ultimate aim of any business is to ensure that the customer that buys its product or service is satisfied. Customer satisfaction can be described as the degree to which a business's product or service performance matches up to the expectations of the customer (Brink & Berndt, 2014). Customers' satisfaction on their purchase is a significant factor that leads business success and has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing (Grönroos, 2017). Customers who are satisfied with a purchase will buy the same product again, more often and will recommend it to others.

Keller (2016) sums this up when he states that the key to customer retention is customer satisfaction. Roberts (2009) identified that customer retention in the fast-food industry in South Africa would be enhanced by a stronger focus on the building of trust between the customers and the employees of the fast-food outlet, ethical behavior by the employees and management of the fast-food outlet, the keeping of promises, understanding the needs and wants of customers, respecting customers as individuals and the establishment of affection in the building of relationships with customers. According to Petzer, Mostert & Steyn (2009) customer retention is the percentage of customers at the beginning of the period who still remains customers at the end of the period. Bullou (2017) defines customer retention as the number of customers doing business with a firm at the end of a financial year expressed as percentage of those who were active customers at the beginning of the year. He continues to argue that customer defection is the mirror image of customer retention and only the customers who have greatest strategic value to your company are prime candidates for your retention efforts.

Customer retention has been shown to be a primary goal in firms that practice relationship marketing (Coviello, Brodie, Danaher & Johnston, 2012). Aspinall, Nancarrow, and Stone (2011) argue that while the precise meaning and measurement of customer retention can vary between industries and firms there appears to be a general consensus that focusing on customer retention can yield several economic benefits. As customer tenure lengthens, the

volumes purchased grow and customer referrals increase. Simultaneously, relationship maintenance costs fall as both customer and supplier learn more about each other. Because fewer customers churn, customer replacement costs fall. Retained customers may pay higher prices than newly acquired customers, and are less likely to receive discounted offers that are often made to acquire new customers. All of these conditions combine to increase the net present value of retained customers (Lawrence & Buttle, 2016).

In order to retain customers, it is important to know why customers leave. Not only does a company lose their future profit potential, but also negative experiences are shared with colleagues, and that may spur additional defections. Reichheld (2011) argued that without a form of utility (value), there is no loyalty. He argues that the delivery of superior value affects the service organization and creates internal loyalty among employees via pride and satisfaction in their work. Customers are thus more likely to be retained if there is a customer-oriented climate in which contact staff can deliver service quality efficiently and effectively. As competition increases, the need for customer loyalty and retention becomes increasingly important. The behaviour of employees in the service industry has been described as key to customers' satisfaction and retention. Customers' needs in some of these hotels appear to be taken for granted by the so called frontline service employees even in the face of tight competition. Some of the employees appear unfriendly, impolite, undependable, untrustworthy, fraudulent, unsympathetic, repulsive, uncommitted to their jobs and sometimes too busy to respond promptly to customers' queries. The challenge for most hotel managers in Nigeria is how to improve the behaviours of the service employees in order to serve customers' better. However, the quality of customer service which lacks consistency and generally poor compared with other developing country like UAE and China (Reichheld, 2011) has become a very big challenge in hospitality sector in Nigeria. At times, customers complain of poor service delivery from hotel staff, poor attitude, slowness and rudeness of service providers. In spite of the fact that Government of Nigeria identified hospitality industry as one of the priority sectors toward the eradication of poverty in the country. From the forgoing, this study aimed at examining the influence of customer-oriented service on customer retention in hotels operating in Abia State, Nigeria.

### **Objectives of the Study**

The main objective of the study is to investigate the customer orientation service and customer retention in hotel industry in Umuahia, Abia State. The specific objectives are to:

- (i) Determine the level of customer orientation in service delivery in hotel industry.
- (ii) Examine the perception of customers on the extent of customer orientation in service delivery.
- (iii) Examine the influence of customer orientation service on customer retention in hotel industry.
- (iv) Ascertain the influence of quality service delivery on customer retention in hotels in Umuahia, Abia State.
- (v) Identify the factors affecting service quality in hotel industry.

### Research Questions

The following questions guided the study

- (i) What is the level of customer orientation in service delivery in hotel industry?
- (ii) What is the perception of customers on the extent of customer orientation in service delivery?
- (iii) What influence does the customer orientation service culture have on customer retention in hotel industry?
- (iv) What influence does the quality service delivery have on customer retention in hotel industry?
- (v) What are the factors affecting service quality in hotel industry?

### Research Methodology

For the purpose of achieving the objectives of the study, a descriptive research design was used through administration of questionnaire and personal interview. The study was carried out in Umuahia, Abia State, Nigeria. Both management and staff of the selected hotels were used for this study. The total population both of management and staff of the selected hotels used for study was 144. The whole population was used for the study because of the smallness of the number. The 144 population does not require sampling. Questionnaire the instruments used for data collection from the respondents. The questionnaire was designed in four point rating scale - VHE = Very High Extent = 4; HE = High Extent = 3; LE = Low Extent = 2; VLE = Very Low Extent = 1.

The study adopted content validation. To ensure validity, the instrument was given to three senior lecturers in the Department of Hospitality Management and Tourism, Michael Okpara University of Agriculture Umudike for measurement and evaluation, to examine its fitness for the study. The topic, objectives and research hypotheses were given to the experts for the validation. Corrections were made on errors observed by the experts before administering the questionnaire on the respondents. Hence, to test for the reliability of the instrument for the study, a one test administration was used where 15 copies were administered to 15 persons and Cronbach Alpha was used to test the correlation coefficient.. The Cronbach Alpha indicated the value of 0.85 which implies that the instrument was reliable. The researcher administered the questionnaire with the help of research assistant to conduct effective and efficient research. The simple descriptive statistics such as frequencies, percentage and mean were used to analyze research questions. Based on research questions, mean value above or equal to 2.50 was accepted and any value below 2.50 is rejected.

### Results Presentation and Analysis

**Research Questions 1:** What is the level of customer orientation in service delivery in hotel industry?

**Table 1:** Mean responses on the level of customer orientation in service delivery in hotel industry.

S/N	Options	VHE	HE	LE	VL E	Total score	Total weight	$\bar{X}$	Remark
1	Helping customers make satisfactory purchase decisions	80(60%)	35(26%)	18(14%)	0	133	461	3.47	Accept
2	Helping customers assess their needs	85(63.9%)	36(27.0%)	12(9.0%)	0	133	472	3.55	Accept
3	Offering products that will satisfy those needs	90(67.6%)	25(18.7%)	18(13.5%)	0	133	471	3.54	Accept
4	Avoiding deceptive or manipulative influence tactics	70(52.6%)	50(37.5%)	13(9.7%)	0	133	456	3.42	Accept
5	Describing products accurately	85(63.9%)	36(27.0%)	12(9.0%)	0	133	472	3.54	Accept

*VHE = very high extent, HE = high extent, LE = low extent, VLE = very low extent,*

Table 1 shows that there is high level of customer orientation in service delivery in hotel industry in terms of helping customers make satisfactory purchase decisions, helping customers assess their needs, offering products that will satisfy those needs, Avoiding deceptive or manipulative influence tactics and describing products accurately. This is because all the items have mean values greater than 2.5 which is the criterion mean.

**Research Question 2:** What is the perception of customers on the extent of customer orientation in service delivery?

**Table 2:** Mean responses on the perception of customers on the extent of customer orientation in service delivery.

S/ N	Options	VHE	HE	LE	VLE	Total score	Total weight	$\bar{X}$	Remark
1	Customers are satisfied with existence of customer	60(45.1%)	50(37.5%)	20(15.0%)	13(9.7%)	133	443	3.33	Accept



	oriented culture								
2	Customers are satisfied with the level of staff management	55(41.3%)	55(41.3%)	23(17.2%)	0	133	431	3.24	Accept
3	Customers are satisfied with the service process design	66(49.6%)	52(39.0%)	22(16.5%)	13(9.7%)	133	477	3.58	Accept
4	Customers are satisfied with the quality of service/ product of the hotel	57(42.8%)	53(39.8%)	23(17.2%)	0	133	433	3.25	Accept

*VHE = very high extent, HE = high extent, LE = low extent, VLE = very low extent,*

Table 2 above shows that customers are satisfied with the level of customer oriented culture, customers are satisfied with the level of staff management, customers are satisfied with the service process design and customers are satisfied with the quality of service/ product of the hotel. This is because all the items have mean values greater than 2.5 which is the criterion mean.

**Research Question 3:** What influence does the customer orientation service culture have on customer retention in hotel industry?

**Table 3:** Mean responses on the influence of customer orientation service culture on customer retention in hotel industry.

S/N	Options	VHE	HE	LE	VL E	Total score	Total weight	$\bar{X}$	Remark
1	Customer orientation service culture influences customer retention	55(41.3%)	55(41.3%)	23(17.2%)	0	133	431	3.24	Accept
2	Customer orientation service culture influences customer satisfaction	60(45.1%)	50(37.5%)	20(15.0%)	13(9.7%)	133	443	3.33	Accept

3	Customer orientation service culture influences customer repeat purchase	70(52.6%)	50(37.5%)	13(9.7%)	0	133	456	3.42	Accept
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Note: VHE =very high extent, HE = high extent, LE = low extent, VLE =very low extent,

Table 3 above shows that customer orientation service culture influences customer retention, customer orientation service culture influences customer satisfaction and customer orientation service culture influences customer repeat purchase. This is because all the items have mean values greater than 2.5 which is the criterion mean.

**Research Question 4:** What influence does the quality service delivery have on customer retention in hotel industry?

**Table 4:** Mean responses on the influence of quality service delivery on customer retention in hotel industry.

S/N	Options	VHE	HE	LE	VLE	Total score	Total weight	$\bar{X}$	Remark
1	Service quality enhances customer retention	60(45.1%)	50(37.5%)	20(15.0%)	13(9.7%)	133	443	3.33	Accept
2	Service quality enhances customer repeat purchase	55(41.3%)	55(41.3%)	23(17.2%)	0	133	431	3.24	Accept
3	Service quality enhances customer satisfaction	66(49.6%)	52(39.0%)	22(16.5%)	13(9.7%)	133	477	3.58	Accept

Note: VHE =very high extent, HE = high extent, LE = low extent, VLE =very low extent,

Table 4 shows that service quality influences customer retention, service quality influences customer satisfaction and service quality influences customer repeat purchase. This is because all the items have mean values greater than 2.5 which is the criterion mean.

**Research Question 5:** What are the factors affecting service quality in hotel industry?



**Table 5:** Mean responses on the factors affecting service quality in hotel industry.

S/N	Options	VHE	HE	LE	VLE	Total score	Total weight	$\bar{X}$	Remark
1	Intangibility	60(45.1%)	50(37.5%)	20(15.7%)	13(9.7%)	133	443	3.33	Accept
2	Perishability	55(41.3%)	55(41.3%)	23(17.2%)	0	133	431	3.24	Accept
3	Inseparability	66(49.6%)	52(39.0%)	22(16.5%)	13(9.7%)	133	477	3.58	Accept
4	Variability	57(42.8%)	53(39.8%)	23(17.2%)	0	133	433	3.25	Accept

Note: VHE =very high extent, HE = high extent, LE = low extent, VLE =very low extent,

Table 5 reveals that intangibility, perishability, inseparability and variability are the factors affecting service quality in hotel industry. This is because all the items have mean values greater than 2.5 which is the criterion mean.

### Discussion of Findings

The research revealed that there is high level of customer orientation in service delivery in hotel industry in terms of helping customers make satisfactory purchase decisions, helping customers assess their needs, offering products that will satisfy those needs, Avoiding deceptive or manipulative influence tactics and describing products accurately. The finding is consistent to the findings of Winer (2011), which revealed there is high level of customer orientation service culture in hotels.

This implies that customers have good perception of customers on the extent of customer orientation in service delivery in terms of existence of customer oriented culture, staff management, and service process design in hotel industry. The findings revealed that customers are satisfied with the level of customer oriented culture, customers are satisfied with the level of staff management, customers are satisfied with the service process design and customers are satisfied with the quality of service/ product of the hotel. The finding is consistent with the opinion of Khalifa (2014), which revealed that customers are satisfied with the level of customer oriented culture, the level of staff management, service process design and the quality of service/ product of the hotel.

This implies that customer orientation service culture influences customer retention. The study revealed that customer orientation service culture influences customer retention, customer orientation service culture influences customer satisfaction and customer orientation service culture influences customer repeat purchase. The finding is consistent to the finding of Gronroos (2017), which revealed that customer orientation service culture influences customer retention. This implies that the above factors can actually affect service quality in hotels. The finding is consistent to the findings of Grönroos (2017)., which revealed similar item as the factors affecting service quality in business firms. This implies that customer orientation

service culture influences customer retention. The finding is consistent to the findings of Gronroos (2010), which revealed that service quality influences customer retention.

### Conclusion

Customer orientation focuses on the marketing principle that addresses the significance of considering customer needs and wishes throughout the organization. It is ordinarily the principle of readiness to meet and respond promptly to customers' needs and wants. The creation of a consumer-oriented culture requires the production of commonly held purposes. The generation of an appropriate set of beliefs, norms and values in an organization which is providing services which consumers need or want will produce a real consumer orientation. Many companies claim to be customer centric, but few are. A customer-centric firm will be resourced and organized to understand and satisfy customer requirements profitably. The findings revealed that customer orientation service culture influences customer retention, service culture, customer satisfaction and customer repeat purchases. It also revealed that service quality influences customer retention, customer satisfaction and customer repeat purchase. The findings further revealed that intangibility, perishability, inseparability and variability are the factors affecting service quality in hotel industry.

### Recommendations

- i. The study recommends that from market orientation perspective, the company should learn how to adapt to customer and to changing consumer lifestyle and behavior.
- ii. Studying and understanding consumer behavior, which provides insights into product, pricing, retail, advertising, and communication, is prerequisite to build up and strengthen the market place of a hotel.
- iii. Hotels should maintain and improve on quality service for the purpose of enhancing customer retention in hotels.

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