

To What Extent Can Service Delivery and Pricing Result in Customer Retention – A Case Study of Accra City Hotel

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Abstract: Customer retention is very key for players in the hospitality industry. Repeat business is partly influenced by reviews given about the property. These reviews are shared on online travel agencies which serve to guide potential clients on which facility to patronize. The researcher will also want to identify which of the variables has a greater influence on customer choices. Aside pricing concerns raised by clients in the industry. Businessmen, tourists and holiday makers also demand value for money spent on these facilities. This hinges directly to service delivery, both on the premises and outside the premises. Guests pay attention to the reservation process and the duration of check in and check out. The quality of the amenities provided at hospitality facilities can also affect customer preferences and decisions. The regulatory agencies in the hospitality industry normally provide star rating to the properties as to the adherence to the star rating. The regulatory bodies conduct inspections on the properties on annual basis before the star rating is renewed. No facility has a permanent star rating. A property can be upgraded or downgraded based on the outcome of the inspection. Star rating is normally assigned to hotels. However, there are other recognized rating agencies that provide rating and awards for restaurants. The researcher is of the view it will be interesting to know the dynamics which guarantee business retention in the hospitality industry. Business thrives on repeat business and the extent of feedback users of the facility provide to the general public. Clients who use hospitality facilities want to enjoy their stay when they are on your property. In their minds, the current property being used will be compared and contrasted with other similar facilities. Humans are always in completion with their choices and preferences. Dynamic as businesses are, businesses also want to position their acts strategically to remain viable into the foreseeable future. Pricing and service delivery affect customer choices to a larger extent. The research will seek to establish this position and verify the extent of correlation between pricing and choice and service delivery and choice. There are several variables which can determine the choice of a particular supplier by the customer. In the perspective of the firm, the firm seeks to identify the appropriate positioning to woo the client to its products or services.

Keywords: Service delivery, pricing, customer retention.

1. Introduction

Client retention is key for the survival of business enterprises. Every dynamic business enterprise will want to know the factors that will bring about customer retention. This

research work will review the tendencies that exist to retain clients. Particular emphasis will be given to customer service delivery and pricing strategies.

The research will focus on the hospitality industry. For purposes of the dissertation, Accra City Hotel will be used as the case study. Accra City hotel is a four-star hotel in the hospitality industry of Ghana. It has one hundred and ninety-six guest rooms, a restaurant and a bar.

Over the years it has not been clearly established what really guarantees client retention for business enterprises. The research will identify clearly what are the likely factors that are likely to influence customer choices in their selection of suppliers. Service quality initiatives have influenced client retention. Automated client services have not significantly influenced customer retention (Al-Hawari, M., Ward, T. and Newby, L., 2009). In this perspective manual service delivery is segregated from automated service delivery.

Most of the available literature available on client retention hinges on the sustainability of good service delivery. Service delivery is not constant in all cases. To widen the scope on client retention, the researcher is introducing the pricing dimension to service quality to better understand the extent of correlation of service delivery and pricing to client choices and subsequent loyalty.

It will be interesting to know whether pricing counts in customer retention. Pricing is normally hedged to durability and the perceived quality a product possesses.

2. Literature Survey

When customers feel content, they are willing to be a part of the client which offers the desired satisfaction. Contentment breeds satisfaction which ultimately results in customer retention (Sdharta et al, 2021). The image of a company is an indicator which influences customer choices. A positive corporate image leads to customer loyalty (Vai Shem Leong et al, 2022).

Customers are influenced by the extent of the health of the relationship that exists with the company. Effective service delivery strategies have a great impact on developing a healthy relationship with their customers which culminates in the

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customer aligning to the company (Kofi Yusheng and Ibrahim Masud, 2019). Loyal customers are very important for the success of the company. Loyal customers are more inclined to patronise the products to a great extent which makes the business sustainable. The extent to which service delivery is convenient and reliable impacts positively the extent to which a customer will be retained by the company (Ghamry *et al.*, 2022).

The quality of service a customer enjoys has a very positive impact on customer choices. The extent of service quality received affects the behavioural nature of the customer. A positive service quality definitely influences the choice of company by the customer (Saunders *et al.*, 2010). With particular reference to the covid-19 pandemic which heightened digital solutions, call tariffs and the rate of calls customers had to make to customer service centres to get their issues resolved made customers unhappy and dissatisfied. This resulted in the customers switching service providers (Shukla *et al.*, 2022).

Customers value brands and popular brands attract customers. Effective branding and brand awareness has a positive influence on customer engagement. Branding promotes effective client engagement. When customers are engaged effectively, it leads to customer satisfaction. A satisfied customer of a particular brand will definitely repurchase the brand (Teng *et al.*, 2022). It is prudent for owners and management of hotels to adopt entrepreneurial marketing strategies to serve as a resilience strategy. The hospitality industry was severely impacted during the covid-19 pandemic. Entrepreneurial marketing is the ideal path to business recovery and sustainability (Manishimwe *et al.*, 2022). The quality-of-service delivery rendered by hotel staff positively impacted the extent of customer loyalty. To a large extent the quality-of-service influences customer loyalty. However, this did not necessarily translate into turnover. A satisfied customer ultimately breeds a loyal customer (Timmerman and John Carl, 2013).

In the event of service failure, the speed of recovery of the service failure endears the customer to the company. The process of recovery and the communication process during the service downtime culminates in customer forgiveness which results in customer loyalty (Laili *et al.*, 2022).

3. Methodology

The inductive mode of research gathers information from research and existing theories. This places emphasis on text, audio or visual data. Inductive research aligns well with qualitative research work. On the other hand, deductive research focuses more on quantitative data. Data sets are more of a numerical nature. Care must be taken to reduce the inherent risk of research approach choice.

The research will be conducted using the deductive approach. Information will be gathered from research participants in a quantitative form which will be analysed using statistical methods. Definite information will be collected from research participants hence the use of the deductive approach. Primary data will be collected using questionnaires. The questionnaires will be administered both in soft copy and hard copy. The

Cronbach's alpha will be used to determine the internal consistency of the research questionnaire. The statistical software package SPSS, version 28 will be used to compute the measures of central tendency of the research data.

The research is going to be conducted on users of four-star hotels in Ghana. A case study will be conducted on Accra City Hotel, a four-star hotel in the hospitality industry in Ghana. Probability sampling will be used as the sampling criteria. Every customer who has used the services of Accra City Hotel stands the chance of being selected.

The population for the research will be from the hospitality industry in Ghana. Data will be collected from customers who patronize the services of Accra City Hotel. The research will limit the class rating of the hotels to four-star hotels in the industry. Due to the price differentiation of the popular hotels and restaurants in the industry, the population will comprise of the middle earning working class. The researcher will aim to reach a population size of 140 respondents. A 95% confidence level and a 5% margin of error will be applied. The population proportion will be 50%. The Raosoft sample size calculator will be used to determine the sample size. (Raosoft, 2004).

4. Results and Discussion

The research instrument was a 20-item validated structured questionnaire. The study's target population consisted of 100 to 150 respondents. A total of 108 samples from the hotel guests were obtained and examined.

The data collected in this study provides valuable insights into the factors that influence customer satisfaction, retention, and referral in the hospitality industry. The results indicate that the quality of service is the most critical factor in attracting and retaining customers, as well as gaining referrals.

According to Wong and Ho's (2019) assertion, luxury hotels provide a more extensive array of services to their clientele in a setting that is comparable to budget hotels. The main goal of budget hotels is to provide basic hotel services, such as simple rooms and facilities, standard bedding and appliances, and food and drinks. Individuals who prioritize cost-effectiveness and engage in backpacking tend to opt for budget hotels as their lodging option during their travels. In contrast, luxury hotels endeavour to overlook the variable factors of expenses and provide high-end amenities that may surpass the expectations of their clientele. Luxury hotels provide lavish amenities that include capacious and opulent suites equipped with high-end furnishings and advanced electronic gadgets, extensive indoor and outdoor swimming pools, high-end spas and Jacuzzis, and customized valet services. Luxury hotels are predominantly visited by individuals with high net worth who led lavish lifestyles, business travelers, and families with offspring.

5. Conclusion

The study has been a very interesting journey. It has been dynamic and practical too. It brought to bear clear insight on what entices customers to a business. From the findings, it was absolutely clear quality service delivery was outstanding. Customers will tend to bend towards a business or institution

when there exists quality service delivery. The quality of the product or the service being offered also plays a role. Customers always seek to have value for money as much as possible. This brings the pricing dimension in. Pricing is very relevant considering the elasticity of demand of the product in question. It is worthy to mention that the hotel product is of an inelastic nature. It does not respond actively with price variation upward or downward.

The hotel used for the case study is a four-star rated hotel in the hospitality industry in Ghana. The hotel attracts mainly business travellers and a few leisure travellers who want to see the tourist sites in the country. From the research, we discovered the age group which mostly patronised the hotel was between 20 to 39. It represented 69% of the data respondents which navigates positively to the active working class. This class of people do not mind spending but they are particular to get value for money. This further emphasizes the greater tendency of service delivery and product quality in luring and retaining clients. In the fashion industry, customers will spend a fortune to buy designer clothing to enjoy product quality and ego satisfaction.

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