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STRATEGIES FOR CUSTOMER VALUE CREATION AND THEIR ROLE IN HOTEL PATRONAGE IN AKWA IBOM STATE

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Creation of customer value and building profitable relationships entail understanding consumer needs and wants, deciding which target markets organization can serve best and develop a compelling value proposition by which organization can attract, keep and grow the business. The study was conducted to assess the effect of customers value creation on patronage of hotels in Akwa Ibom State. The study employed the population proportion approach to determine a sample size of 819 and used the multiple regression for data analysis. Findings revealed that customer satisfaction and quality of service have significant positive effects in hotel patronage in Akwa Ibom State. It was recommended that the management of hotels in Akwa Ibom State should promote good working environment to promote and enhance satisfaction of customers. The researchers concluded that value creation have significant positive effect on hotel patronage in Akwa Ibom State.
Keywords: Customer, Value, Patronage, Satisfaction, Quality

Introduction

Creating customer value and building profitable relationships entail understanding consumer needs and wants, deciding which target markets organization can serve best and develop a compelling value proposition by which organizations can attract, keep and grow the business (Sigala, 2015). Marketers according to Kotler (2013) must learn the art of creating customer values and managing customer's relationships. Outstanding marketing companies understand the market place and customer's needs, design value-creating marketing strategies, develop integrated marketing programs that deliver customers value and delight, and build strong customer relationships. In return, they have value from customers in the form of sales, profits, and loyalty.

To ensure the creation of value, there is need for effective customer relationship management. Customers' service is a series of activities designed to enhance the level of customer satisfaction. The focus of every organization is to satisfy the needs and wants of its customers, if it must stay in business and meet its corporate goals. To achieve this, effective customer relationship management is necessary. Customers are however, the pivot upon which the success of any business is built, thus providing revenue and stability for the business. Every organization depends on the customers to achieve its desired goals. Organization exists to fulfill the needs of the customers while the customers make it possible for businesses to achieve their aims.

Customer satisfaction is a business philosophy which creates value for customers, anticipates and manages their expectations, and demonstrates ability and responsibility to satisfy their needs (Dominci and Guzzo, 2010).

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Quality of service and customer satisfaction are critical factor for the success of any business. The key to achieving sustainable advantage lies in delivering high quality service that result in value satisfaction of customers (Jay & Kumer, 2020). To win customers and encourage them to stay loyal or repurchase the service, companies must meet and satisfy customer needs by not being only reactive but proactive. They should also be interested in finding new ways and means to satisfy the customers. This study was conducted to examine the effect of value creation on hotel patronage in Akwa Ibom state.

Statement of the Problem

The interest in this study arose from personal observations over the years that there are several hotels in Akwa Ibom State that are no longer in business due to low patronage. These hotels sprang up very rapidly and were luxuriant. After a while the influx of customers dwindled and some of them eventually extinguished. One wonders why this happened even when the facilities seem superb. Enquiry into this scenario pushed the researcher to go into exploratory research to find out the possible causes of the loss of patronage of hotels in Akwa Ibom State. According to previous research's, several reasons including poor customer service, substandard service delivery, poor leadership and management, inability to manage growth, security and environmental hazards, account for this.

A search into literature revealed that not much has been done in the area of value creation and patronage of hotels in Akwa Ibom State. Specifically, no study has been found on value creation as it relates to patronage of hotels in Akwa Ibom State. Thus, the need for this study. The challenge before this study is therefore to assess the effect of customers value creation on the patronage of hotels in Akwa Ibom state.

Objectives of the study

The main objective of this study is to assess the effect of customers value creation on the patronage of hotels in Akwa Ibom State. The specific objectives are to:

1. ascertain the influence of customer satisfaction on patronage of hotels in Akwa Ibom State.
2. examine the effect of quality of service on patronage of hotels in Akwa Ibom State.

Research Questions

1. What is the influence of customer satisfaction on patronage of hotels in Akwa Ibom State?
2. To what extent does quality of service affect the patronage of hotels in Akwa Ibom State?

Hypotheses of the Study

1. $H0_1$: Customer satisfaction has no significant influence on patronage of hotels in Akwa Ibom State.
2. $H0_2$: Quality of service has no significant effect on patronage of hotels in Akwa Ibom state.

2. Review of Related Literature

The Concept of Value Creation

The customer is the most important person for a business who is not an interruption to our work but the purpose of it. A good customer relationship programme will allow a business to acquire customers, service the customers, increase the value of the customers to the company, retain good customers and determine which customers can be retained or given a higher level of service (Kotler, 2013). The environment of business unveiled the importance of keeping the existing customers loyal so that they would not switch over to a competitor, without much thinking. This led to increased awareness of companies about the importance of serving the customers' needs with a higher

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level of quality and satisfaction in a way which is convenient and beneficial to the companies and the customers (Morch, 2019).

According to Berry (2010), customers to a business are those people or enterprises who have benefited by the use of a product offered by that particular business. When a customer pays a price, he expects some specific thing with a specific quality and features. If his expectation exceeds what he has been given, it leads to an unsatisfied customer. If the offer exceeds his stipulated price, it leads to an unsatisfied customer. If the offer exceeds his expectations for a stipulated price, it leads to a highly satisfied customer and he is said to be enjoying customer delight. Customer satisfaction according to Kolter (2013) is the extent to which a product's perceived performance matches buyer's expectations.

In customer's viewpoint, there is very little reason to switch loyalties often, if things are going comfortably with the existing vendor and the level of service is good. Switching involves changes and disruptions in service levels that most regular customers try to avoid. Realizing these facts in its true sense, many companies have stuck to making long-term profitable relationships with their prospective customers (Heskett et al., 2014). This has been proved to be, in a way, mutually beneficial to both parties. This has resulted in managing these relationships as a strategic tool and in the evolution of value creation for both customers and the management.

Value Creation Process

The value creation process transforms the outputs of the strategy development process into programmes that both extract and deliver value. The key elements of the value creation process according to Payne and Frow (2015) include; determining what value the company can provide to its customer, determining what value the company can receives from its customers, by successfully managing this value exchange, which involves a process of co-creation or Coproduction, maximizing the lifetime value of desirable customer segments.

However, there is a logic which has evolved from earlier thinking in business and services marketing that view the customer as a co-creation and co-producer (Vargo & Lush, 2011). This benefit can be integrated in the form of a value preposition which explains the relationship among the performance of the product, the fulfillment of the customer's needs and the total cost over the customer relationship life-cycle (Halil, 2005 in Sigala, 2015). Fundamental to this concept of customer value are two key elements that require necessary steps. First, it is necessary to determine how existing and potential customer acquisition and customer retention and opportunities for cross-selling and building customer advocacy must be understood. The value creation process is a crucial component of customer relationship management because it translates business and customer strategies into specific value preposition statements that demonstrate what value is to be delivered to customers and thus, it explains what value is to be received by the organization, including the potential for co-creation (Lemon and Winer 2012 in Ramesh, 2017).

Service Quality and Customer Patronage

Customer patronage according to Ogwo and Igwe (2012) is the total purchase by a buyer and the level of sales recorded by a business firm. Customer patronage is the approval or support provided by customers with respect to a particular brand. Customer patronage is the method of obtaining and buying a firm's product. In the service or hospitality industry, patronage is the acquisition of the service offered by a firm. Kotler and Armstrong (2007) assert that customers have varying degree of patronage to specific services, store and other entities, and they can be divided into four groups according to patronage status as hard core patrons (customers who purchase services

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from one service provider all the time), split patron (customers who are loyal to two or three service providers), shifting patrons (customers who shift from one service to the other), and switchers (customers who show no loyalty to any service provider).

Marketing according to Kotler *et al.* (2012), is about creating value for customers and building profitable customers relationships. Customers are the pivot upon which the services of any business are built, thus providing revenue and stability for the business. Every organization depends on the customers' patronage to achieve its desired goals. They are the sole reason why the businesses exist. Ogwo and Igwe (2012) indicated that the aim of business is to ensure their customers are well satisfied. Once the customer expectations are met, by the services offered, it enforces customer repeat purchase intentions, as customer satisfaction is a path way to customer patronage. It is worthy to note, that customers have diverse motivation, apart from the service quality dimensions under study. Tastes and preference of customers determine patronage of a hotel. It is therefore, imperative for the marketers to identify the determinant factors that influence customers' patronage. Some of the factors in hospitality sector are service delivery, cleanliness of guest room, problem resolution, employee courteous attitude, security, ambience, just to mention a few. Also, Pricing, proximity to hotel, purchasing power of the customer and demographic variables. Parasuraman *et al.* (1988) in Kotler (2013) posited that when customers are well satisfied, there is likely to be a repeat visit or repurchase intention to patronize the service.

Theoretical Review Theories of Customer Satisfaction: Disconfirmation Theory

The Disconfirmation theory propounded by Richard L. Oliver in 1977 argues that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. disconfirmation theory states that satisfaction is the guest's fulfillment response and a judgment of a product or service feature, or the product or service itself, that provides (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment (Ekinci *et al.,* 2014).

Mattila and O'Neill (2003) in Jay and Kumer (2020) posit that "Amongst the most popular satisfaction theories is the disconfirmation theory, which argues that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. Basically, satisfaction is the result of direct experience with products or services, and it occurs by comparing perceptions against a standard (e.g. expectations). Research also indicates that how the service was delivered is more important than the outcome of the service process, and dissatisfaction towards the service often simply occurs when guest's perceptions do not meet their expectations (Mattila & O'neil, 2003 in Jay and Kumer, 2020).

Empirical Review

Kotler (2013) evaluated service quality and its relationship with business performance in a developing context in Jordan's financial service organizations. The researcher used quantitative methodology. Data were collected through a survey that included financial service organizations that are operating in Jordanian market. The original adopted CRM scale was administered to 18 financial homes and 8 Insurance Companies that were found to be implementing CRM. An overall number of 270 copies of questionnaire were administered to those banks and insurance top management staff. Structural path model analysis was used to test the research hypotheses concerning the relationship between quality of service and business performance. The findings indicate that there is a significant positive relationship between quality of service and business performance. It was recommended

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that quality of service are the strongest predictors of variations in financial business performance. It was concluded that there is a significant positive relationship between quality of service and business performance. Ramjit and Abid (2019) evaluated customer relationship management practices of the retail stores in India City. The research adopted the descriptive research technique that adopted 30 organized retail stores as the sample population and sample size. The researcher used the non-probabilistic judgmental sampling technique. The findings indicate the customers don't take a single second when it comes to changing their preferences and breaking the loyalty they have for the organization. Based on the findings, the researcher recommends that retail stores should keep the purchase records of the customer's information to enable the management analyze the buying behavior of their customers.

3. Methodology

This study made use of survey research design on a population consisted of all the hotel users in Akwa Ibom state who have at one time or the other made a choice of hotel reservation. This is irrespective of the demographic variables or social status. The population of the hotels is made up of all registered three (3) star categories of hotels in the three senatorial districts. A pilot survey revealed that there are twenty-one registered three (3) star categories of hotels across the three senatorial districts.

Given the largeness of the population, a sample of the population was selected to represent the population. In determining the sample size for the study, the following assumptions were made. That, as revealed by the pilot survey, at least fifty percent (50%) of the population would always expect an average rating of all the variables under study; that the researcher could make a tolerable error of five percent (5%) given the fact that hypotheses will be tested at ninety five percent (95%) level of confidence.

To determine the sample size, the confidence interval method was used at 95% level of confidence which is given as 1.96. According to Anyanwu (2000) where the population is unknown and one has to deal with the population proportion, the standard formula for determining the sample size is given as $n = (Zcl^2) (\{P*Q\}/e^2$

Where;

N = sample size

Zcl = the standard Z value associated with the level of confidence

P = Estimate of expected population having desired characteristics

Q = 1 – P the estimate not having the characteristics of interest

E = acceptable margin of error

The sample size is calculated thus,

$= 1.96^2 (\{.50*.50\})/.05^2)$

$= 3.92(0.25/0.025)$

$= 3.92(10) = 39.2 \ n = 39$

The sample size of 39 represents the number of respondents from each hotel. In all the senatorial district a total number of 819 respondents were contacted from the 21 hotels in the three senatorial districts.

Model Specification

The model for this study is given as

Hp = f(ClM + T)

Where: Hp   =   Hotel Patronage

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CSt   =   Customer Satisfaction

Qs   =   Quality of Service

The data from this study was first assembled, edited and coded in preparation for analysis. The study required the use of multivariate analysis because it involves more than two variables. With this, the study employed the multiple regression model in analyzing the data. The multiple regression model is given as:

$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_zX_z + e$

Where Y = dependent variable

$X_1X_2....X_3$ = Independent variable $B_0B_1.... B_3$ = The coefficients

E = The error term or Stochastic variable

Out of 819 copies of questionnaire that were administered, 800 copies representing 97.7% were completed and returned.

Test of Hypotheses

Test of Hypothesis 1

$H0_1$: Customer satisfaction have no significant influence on the patronage of hotels in Akwa Ibom State.

Table.1: Regression analysis outputs for Customer Satisfaction and Patronage of Hotels Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772a	.596	.595	.61825

a. Predictors: (Constant), Customer Stf.

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	449.784	1	449.784	1176.571	.000b
	Residual	305.025	798	.382		
	Total	754.810	799			

a.   Dependent Variable: Patronage

b.   Predictors: (Constant), Customer Stf.

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.020 .760	.092		11.121	.000
	Customer Stf.		.022	.772	34.303	.000

a. Dependent Variable: Patronage

The result in Table.1 shows that 59.5% of the total variability in patronage of hotels in Akwa Ibom State is explained by customer satisfaction. The remaining 40.5% is explained by other factors that were not captured by this model. The f-ratio value of 1176.571 was significant at 5% level of significance. Therefore, the null hypothesis $H0_1$ is rejected. This implies that customer satisfaction have significant positive influence on patronage of hotels in Akwa Ibom State. Also, the unstandardized coefficient for customer satisfaction is 0.760, this means

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that a unit increase in customer satisfaction in hotels in Akwa Ibom State will yield 76.0% response in terms of patronage.

Test of Hypothesis 2

$H0_2$: Quality of service has no significant effect on the patronage of hotels in Akwa Ibom state.

Table 2: Regression analysis outputs for Quality of Service and Patronage of Hotels Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.652[a]	.425	.425	.73723

b. Predictors: (Constant), Quality of Service

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	321.092	1	321.092	590.788	.000[b]
	Residual	433.718	798	.544		
	Total	754.810	799			

a.   Dependent Variable: Patronage

b.   Predictors: (Constant), Quality of Service

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.840	.096		19.253	.000
Quality of Service	.550	.023	.652	24.306	.000

a. Dependent Variable: Patronage

The result in Table. 2 shows that 42.5% of the total variability in patronage of hotels in Akwa Ibom State is explained by quality of service. The remaining 57.5% is explained by other factors that were not captured by this model. The F-ratio value of 590.788 was significant at 5% level of significance. Therefore, the null hypothesis $H0_2$ is rejected. This implies that quality of service has a positive significant effect on the patronage of hotels in Akwa Ibom

State. Also, the unstandardized coefficient for quality of service is 0.550, this means that a unit increase in quality of service in hotels in Akwa Ibom State will yield 55.0% response in terms of patronage.

4. Result and Discussion of the Findings

Customer satisfaction accounted for 59.5% of the variation in hotel patronage in Akwa Ibom State. The f-ratio value of 1176.571 was significant at 5% level of significance which implies that customer satisfaction has significant positive influence on patronage of hotels in Akwa Ibom State. Also, the unstandardized coefficient for customer satisfaction value of 0.760 indicates that a unit increase in customer satisfaction in hotels in Akwa Ibom State will yield 76.0% response in terms of patronage.

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Also, quality of service accounted for 42.5% variation in hotel patronage in Akwa Ibom State. The findings of this study are in line with the research of Berry (2015) which found that quality of service was identified as a significant factor that influence hotel patronage. The Fratio value of 590.788 was significant at 5% level of significance, implying that quality of service has a positive significant effect on the patronage of hotels in Akwa Ibom State. The unstandardized coefficient for quality of service is 0.550, which means that a unit increase in quality of service in hotels in Akwa Ibom State will yield 55.0% response in terms of patronage.

5. Recommendation

1. The management of hotels should promote good working environment to promote and enhance satisfaction of customers.

2. The management of hotels should provide an ergonomic working environment to improve efficient service quality.

6. Conclusions

The study was conducted in order to assess the effect of value creation on patronage of hotels in Akwa Ibom state. Customer satisfaction accounted for 59.5% of the variation in hotel patronage in Akwa Ibom State, while Quality of service accounted for 42.5% variation respectively, in hotel patronage in Akwa Ibom State. It was concluded that value creation have a significant positive influence on the patronage of hotels in Akwa Ibom State.

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