

## Extended Marketing Mix and Customer's Satisfaction in Classified Non-Star Hotels in Meru Municipality Kenya

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### *Abstract*

*Star Rated hotels have an above average responsibility to offer the highest international standards, but the non-star classified hotels manage their own service strategies in a very competitive market under the watch of the various licensing and regulating government agencies. These classes of hotels are subjected to public evaluation in which customer referrals are their main source of future business. This study analyzed the influences of extended marketing mix on customer satisfaction in the hospitality industry in Meru Municipality. The study was guided by three objectives: - to assess the influence of People on customer satisfaction, to determine the influence of Process on customers and to establish the influence of Physical Evidence on customer satisfaction in classified non-star Hotels in Meru Municipality. The study used a descriptive research design while the sample size was 550 internal and external customers from the 47 licensed classified non-star Hotels in Meru Municipality as of February 2011. Data was analyzed using descriptive and inferential statistics. The study concludes that Process marketing mix has a significant influence and recommends further study to investigate why physical evidence and people mix has no significant influence on customer satisfaction in the non-star classified hotels in the hospitality industry.*

**Key Words:** *People Marketing Mix, Process Marketing Mix, Physical evidence Marketing Mix.*

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### **Background Information**

The majority of marketing practitioners consider the Mix as the toolkit of transaction marketing and archetype for operational marketing planning (Gronroos, 1994). While empirical evidence on the exact role and contribution of the Mix to the success of commercial organizations is very limited, several studies confirm that the 4Ps Mix is indeed the trusted conceptual platform of practitioners dealing with tactical marketing issues (Romano & Ratnatunga 1995). The wide acceptance of the Mix among field marketers is their being identified as the controllable parameters likely to influence the consumer buying process and decisions (Kotler, 2003).

An additional strong asset of the mix is the fact that it is a concept easy to memorise and apply (Jobber, 2001). The strength of the 4Ps approach is that it represents a memorable and practical framework for marketing decision making and has proved useful for case study analysis in business schools for many years. Enjoying large-scale endorsement, it is hardly surprising that the 4Ps became even synonymous to the very term marketing, as this was formulated by the American Marketing Association (Bennet, 1995).

Despite the background and status of the Mix as a major theoretical and practical parameter of contemporary marketing, several academics have at times expressed doubts and objections as to the value and the future of the Mix, proposing alternatives that range from minor modifications to total rejection. It is often evident in both the academic literature and marketing textbooks that the mix is deemed by many researchers and writers as inadequate to address specific marketing situations like the marketing of services, the management of relationships or the marketing of industrial products (Kotler, 2003).

The art of putting a customer first, anticipating the needs and problems, tailoring products and services to meet needs and establishing customer relationship is customer service. It is this notion of customer service, which necessitated a need for the expansion of traditional marketing mix (4Ps), so as to have 7Ps (Gronroos, 1987). These three elements in the marketing mix represent elements of services marketing that are cross-functional in nature. They are more concerned with retaining the customer, than catching the customer (Kotler, 1994). The 7 Ps - price, product, place, promotion, physical presence, provision of service, and processes; comprise the modern marketing mix that is particularly relevant in the service industry, but is also relevant to any form of business where meeting the needs of customers is given priority. The first two Ps are explicit (People & Process) and the third one (Physical Evidence) is an implicit factor. Broadly defined, optimizing the marketing mix is the primary responsibility of marketing.

By offering the product with the right combination of the seven Ps, marketers can improve their results and marketing effectiveness. Making small changes in the marketing mix is typically considered to be a tactical change while making large changes in any of the seven Ps can be considered strategic (Ballantyne, 1991). This paradigm shift has already taken place and a major shift in the perception of the fundamentals of marketing is taking place. The shift is so dramatic that it can, no doubt, be described as a paradigm shift (Sheth, Gardner, & Garrett, 1988). Marketing researchers have been passionately convinced about the paradigmatic nature of marketing mix management and the Four P's model (Piercy, 1985).

In today's increasingly difficult and competitive economic climate, many companies across all industries are taking actions in order to survive due to the reducing global corporate travel, and increasing pressure on travel expenses, with consumer confidence low and many currencies in a state of flux, these are some of the most uncertain times for the hotel industry in recent history (Kenya Associations of Hotels, 2008). Despite the difficult and competitive economic climate the global hospitality industry has been navigating through, analysts agree on the good news that recovery is near, if not already here (Robert, 2011). Demand has been rebounding faster than expected. Figures show that 2010 saw international tourism arrivals increase by 6.7%; this represents a growth of 22 million arrivals over the former peak year of 2008 (Gabor, 2011).

The fact that hotels were quick to lower their rates in the recession, especially when their competitors lowered their rates, many hoteliers remain afraid to raise rates for fear of damaging the fragile recovery. There is a fear and lack of understanding of just how price elastic the market segments are. However, while hotels need to remain competitive in the market in which they operate, discounting of rates is a very poor strategy to follow and often does not stimulate the demand required (Jerome, 2009).

If the demand simply does not exist, then discounting the rate will not stimulate the market. Further, once a new rate has been established in the market as the base, it is very difficult to raise this when the economic climate starts to improve. Discounting rates before determining that the market demand even exists is a perilous line of attack. But in action and belief that freezing marketing altogether as the alternative could also be dangerous, as one risks being left behind as the cost of creating new customers is always higher than the cost of keeping the existing ones (Jerome, 2009).

To maintain an image of Kenya as a family-oriented holiday destination, it is pertinent to ensure good hotel service and facilities. Thus, the Government has imposed tighter criteria for hotel ratings in a move to ensure better quality hotel service and facilities. This star rating is based on the guidelines set by the United Nations World Tourism Organization, and adjusted to local cultures (Republic of Kenya, 2006). As in December 2007, there were 624 star rated hotels in addition to more than 2, 200 tourist accommodation premises in Kenya (Kenya Associations of Hotels, 2008). It is from these environmental circumstances that this study sought to find out the influence of extended marketing mix on customer satisfaction in the hospitality industry.

The marketing mix management paradigm has been important in hospitality operation of Kenya by contributing to the ever increasing demand for hospitality products and services. However, its efficacy has been challenged by inadequacy to meet the challenges of globalization of business and the evolving recognition of the importance of customer retention, market economies and customer relationship economics, among other trends among the non-star rated hotels in Kenya. Unlike the star rated hotels which have above average responsibilities to offer the highest international standards, the non-star classified hotels manage their own service strategies in a very competitive market without star rating and being under the watch of the various licensing and regulating government agencies. These classes of hotels are subjected to public evaluation in which customer referrals are their main source of future business. If these issues are not addressed urgently there will be further hindrances, shortages such as profitability, and growth of market share among others.

### **Problem statement**

The hotel business has suffered most compared to the manufacturing industry because of the lack luster performance of Kenya's tourism. Although development of the hotel sector has stagnated for a considerable time due to the political environments surrounding the Kenyan hospitality industry, stakeholders have not tried to assess the extent to which the extended marketing mix has influenced this sector being the key elements of retaining customers. There is inadequate data in existence which has addressed the influence of the extended marketing mix on customer satisfaction among the non-star classified hotels, therefore this study sought to analyze the influence of extended marketing mix strategies on customer satisfaction in the hospitality industry, through a survey of the non-star rated hotels to lay a foundation on which future planning of customer satisfaction can be done on the basis of extended marketing mix variables.

To facilitate this analysis the research was guided by the following specific objectives: to assess the influence of People on customer satisfaction in classified non-star hotels in Meru Municipality; to determine the influence of Process on customer satisfaction in classified non-star hotels in Meru Municipality and to establish the influence of Physical Evidence on customer satisfaction in classified non-star hotels in Meru Municipality.

### **Research Design and Methods**

Stratified sampling design was used to select between the Management and Employees from which a proportional representation was obtained. The Municipality represented a strata, comprising of five locations each representing a stratum. Each stratum produced 5 respondents. For the customer responses the data for hotel customers were generated through projections (time series) by the Management information system of each sampled hotel as captured by the Point of sale (POS) data. Each Hotel has projection statistics of its sales in the next six months which they use for planning traffic and bed occupancy.

### **Sampling**

A sample size of Customers, managers (staff who are designated as managers in different departments) non management staff respondents was obtained from the accessible population of 1,270. A sample size above

10% of accessible population is representatively adequate in a survey. The researcher sampled 80 (10%) customers from the accessible population of 800. A table of random numbers was used to select the individual respondents for the study.

### Data Collection Instruments

The researcher carried out a survey using a set of questionnaires (one for managers and the other for hotel employees). The study also used a questionnaire for the hotel customers and an observation check list as the data collection instruments. The questionnaire was made up of both structured and unstructured questions so that quantitative and qualitative data may be collected for the study. This was done by physically delivering the questionnaire at the respondents' business premises. The researcher administered the observation checklist in person to facilitate consistency. The Customer questionnaire was on the sport filling.

### Data Analysis and Presentation

Qualitative and quantitative analysis of data was done in order to accept or reject the hypotheses of the study. Both Variant and inferential statistical analysis techniques was used. Data collected was analyzed using descriptive statistics: frequency distribution tables, Frequency Distributions and measures of central tendency. Tests of Significance were done by use of inferential statistics in the form of Test of Correlations. The results of the survey were presented using tables. The SPSS computer software was used to aid the analysis.

### Study Findings

The main findings of revealed by analysis of data is that the measures of central tendencies and dispersion revealed that designation of respondent had a Mean 1.4474 and a Std. Deviations .50390, Gender of Respondent and a Mean 1.6053 and a Std. Deviations 0.88652; Highest Educational Level of Respondent had a Mean of 2.7105 and a Std. Deviations of 0.65380. Length Worked in the Hotel had a Mean 1.8158 and Std. deviations of 1.08691; How Regular was the Training had a Mean of 3.1842, and Std. Deviation of 1.20484.

The measure of association between regularity of staff training and respondent's effectiveness in management skills have a coefficient index of 0.033, staff training and rate of customer satisfaction was 0.439 which is moderate because the coefficient index falls between  $\pm 0.412$  to  $+0.600$ . The measure of association between regularity staff training and finding time taken to serve customer as satisfactory has a coefficient index of 0.060. The measure of association between number of friends brought to the hotel by customers and number of times the customer has been a guest to the hotel is 0.602 which is negligible because the coefficient index falls between  $+0.002$  to  $+0.200$ . The chi-square test on process marketing mix gave a critical value of 0.00, which is less than 0.05 ( $P < 0.05$ ) and therefore the study accepts the alternative hypothesis that; process marketing mix has a significant influence on customer satisfaction in the hospitality industry. Chi square test on physical evidence marketing mix gave a critical valve of 0.211, which is greater than 0.05 ( $P > 0.05$ ) and therefore the study accepts the null hypothesis, that; physical evidence marketing mix has no significant influence on customer satisfaction in the hospitality industry.

### Conclusion

The study has determined that Physical evidence marketing mix has no significant influence on customer satisfaction in the hospitality industry. The study concludes that Process marketing mix has a significant influence on customer satisfaction in the hospitality industry. The evidence from the study findings is that the people mix has no significant influence on customer satisfaction in the hospitality industry. The study concludes that the organizational strategy therefore should be based on three core values of disciplines that are achievable by organizations. The basis of the model is that in a complex environment, no firm can succeed by

trying to be all things to all people. The firm should find a unique value that it can deliver to a given market with a unique sense of satisfaction.

## Recommendations

Future researchers: this study has revealed very important findings on the physical evidence and process mix which would form sound basis for future research. Hoteliers: the study will give the owners and managers a pointer to aspects of their trade which is vital and current to the customers taste and preferences. Tourism marketing board: This being a supervisory body could use the study findings to advice others in the industry so as to improve on the overall industry performance. Consumers: These are the ultimate beneficiaries where the study finding is implemented and changes experienced especially on thus need to take customer feedback seriously. Employees: The study will be beneficial if the employees will have time to study the findings and participate in management decision making process from a point of knowledge. It is also important that the employees take their training seriously to give their employers a competitive edge as they are crucial in the service delivery in the hospitality industry.

The study has uncovered findings that will need further research as they are not in expectation of marketers in the product and some other sectors of the industry. A study to investigate why Physical evidence marketing mix has no significant influence on customer satisfaction in the hospitality industry and another as to why people mix has no significant influence on customer satisfaction in the hospitality industry are critical studies to succeed this study.

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