

**ASSESSING THE ROLE OF CUSTOMER RETENTION PRACTICE TOWARD
THE SUCCESS OF HOTEL BUSINESS (IN CASE OF YEBSABI HOTEL, WOLKITE)**



**WOLKITE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTEMENT OF MARKETING MANAGEMENT**

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A RESEARCH PAPER SUBMITTED IN PARTIAL FULFILLMENT OF THE
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MANAGEMENT.

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COLLEGE OF BUSINESS AND ECONOMICS
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APPROVED BY THE COMMITTEE OF EXAMINERS

This is to certify that the research paper prepared by Almaz Mamo entitled with "Assessing the role of customer retention toward success of hotel business incase Yepsabi hotel in Wolkite". Submitted in fulfillment of the requirement for the degree of Bachelor of Arts in marketing management, Under Graduate program in college of business and economics in Wolkite University

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Acknowledgment

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Abstract

Customer retention is the ability of a business to retain customers. It occurs when customers purchases a product or service again and again. The main objective of this study was assessing the role of customer retention practice towards the success of hotel business in case of Yebsabi hotel. The study was important for researcher, customer and also for the hotel; the researcher used descriptive research design in addition the researchers used probability sampling techniques. From probability sampling simple random method was used. For the purpose of study both primary and secondary data was used .In primary data types both open and close ended question was prepared in form of questionnaires, whereas the secondary data types was taken from written books, internet , and magazine and newspaper. The researcher used both qualitative and quantitative data analysis method the survey result depicted that there is very good communication between customers and employees, the employees of Yebsabi hotel have received training but not completely however they handle customer complains very well. Majority customers of Yebsabi hotel consume food and beverage service and they preferred Yebsabi hotel because of nearness to their home and business, are not completely satisfied because they perceived medium quality service relative to their expectation in addition they didn't obtain any special treatment. The researchers recommended that improving quality of service through giving employees continuous training, to satisfy its employees through providing adequate compensation and rewards, build long term relationship with customers in order to retain customers and benefit from positive word of mouth advertising and finally the researchers advised Yebsabi hotel to make personal contact with customers to build rapport and trust with each other.

The researcher was concluded and recommended possible solution based on the finding.

CHAPTER ONE

1. Introduction

1.1 Background of the study

1.1.1 Historical background of hotel from world perspective

The hotel industry is any type or form of business which relate to providing accommodations in lodging, food and beverage and a vast variety of service that are interrelated and organized which are intended for public service.

The hospitality industry history can be traced back by the end of the 1700s in the colonial period. This industry has been the subject of the important development over the year as it has faced many obstacles such as the world wars, the great depression, the industrial revolution and other social changes. However, the hotel industry as seen today in modern concept took place in the 1950s and 1960s.

The modern concept of hotels started in 1794, when the city hotel opened in New York City; the hotel was claimed to be the first building designed exclusively to hotel operations. Other similar hotel operations follow the trend and appeared in other cities such as Philadelphia, Baltimore and Boston in 1809.

The 1760s industrial revolution has much lead to the emerging of hotels everywhere, mainly in England, Europe and in America. The advent of new way of transportation, hotel and resorts outside of major cities was built in the country side and began promoting their scenery and other attractions.

1.1.2 Historical development and economic contribution of hotel industry in Africa and Ethiopia

During the Africa hotel investment forum hosted in Rwanda in October, delegates from across Africa's hospitality sector were toasting a bumper year for African tourism and travel. Shortly before the forum, two of the largest multinational hospitality companies, Hilton worldwide

holding and Hyatt hotels & resorts had announced ambitious plans to expand their operations across the continent. Hilton announced plans to invest \$50m over the next five years to add 100 hotels to its portfolio, while Hayat plans to develop six new hotels in Africa by 2020.

Hotel and tourism are inseparable sectors. To boost of a developed tourism and hospitality sector, a country needs to own modern hotels, lodges and other recreational centers. When we trace back to the history of hospitality sector in Ethiopia, we get hotel, built in the early

1900s, believed to be the first modern hotel in Ethiopia. It was built mainly for purpose of providing service to foreigners as a cozy place to rest and dine. Taitu hotel is found in the middle of Addis Ababa commonly known as piazza. The ancient hotel has 264 historic bedrooms, equipped with various important facilities.

After the Sheraton Addis Ababa was opened in February 1998, it paved a way for the proliferation of other star hotels in the capital and in the whole country as well. Age wise, the only global brand to precede Sheraton is the Hilton Addis Ababa which was opened in the 1969. Besides, many star hotels were built especially after the new Ethiopian millennium.

The direct contribution of tourism and hospitality service to GDP was 51.3 billion birr (USD 2.26 billion) which is 4.1 percent of the total GDP in 2015. In the same year, the sector had contributed 8.4 percent the total employment by creating 2,326,500 jobs. The hotels, restaurants, leisure industries, travel agents and airlines have enhanced the sector significantly. (Ethiopian tourism organization)

Customer retention is the ability of a business to retain customers. Customer retention occurs when customer purchases a product or service again and again, this phenomenon is called customer retention over an extended period of time. (Armstrong & Kotler ,2008). It is both a measure of customer loyalty and the capacity of the business to keep customers satisfied by good service and quality of the product sold. The best customer for any business is the returning one.

A returning customer is cheaper to the business, as they would need to spend less on advertising or inducements such as price cutting and giveaways. A happy customer would also tell a positive word of mouth to other potential customers of a product and service. (Kotler2006, 12th)

Customer retention is increasingly being seen as an important managerial issue especially in

the context of saturated market or lower growth of the number of new customers. It has also been acknowledged as a key objective of relationship marketing, primarily because of its potential in delivering superior relationship economies, i.e. it costs less to retain than to acquire new customers. Customer retention has a significant impact on profitability and positive customer satisfaction and leads to superior financial performance. This is because firms with high customer retention rates tend to have lower costs, maintain more profitable long term relationships and enjoy substantial word of mouth advertising. (Philip kotler, 2004).

1.2 Background of organization

Yebsabi Hotel is one of the best hotel in Wolkite, it placed in the central parts of the city 5 minutes walking distance to CBE. The hotel competitive with others hotel and surrounded by beautiful natural plants. It was built at a cost of 246 million birr and it has 76 employees. It has started with a minimum capital of one million (1000000) birr in Wolkite city and started its operation in 1996 E.c. over the past 16 years hotel which found in Wolkite providing the following services. Like;

- free Internet service in all room
- comfortable bed service
- Laundry service and the like

Yebsabi hotel has vision and mission

- Vision: To be preferred hotel from other hotels found in the town.
- Mission: By providing quality services for customers at possible lowest price better than competitors satisfying current customers and attracting potential customers in order to maximize profit of the hotel.

1.3 Statement of the problem

The intangibility characteristic of service makes difficult to manage service quality. It requires a continuous follow up to the internal and external environment so as to satisfy customers by delivering quality service.

Many organizations aimed at providing high satisfaction to its customers. This is because customers who are not highly satisfied still find it easy to switch, when better offers comes. Those who are highly satisfied are much less ready to switch. Nowadays in hotel service industry companies major objectives is satisfying customers in superior way from competitors because satisfied customers become loyal to the company or it is easy for the hotel to retain them but dissatisfied customers or customers who are not fulfilled their needs

and preferences cannot be loyal or difficult to retain them to the organization or to the hotel. This dissatisfaction may arise due to different reasons such as high price for inconvenience service, ethical problems of employees and complain handling procedures and the likes.(Armstrong.G and Kottle,p.(2008).

The hotel industry has been one of the most competitive industries for this reason enhancing customer retention is one of the key aspect of enhancing competitiveness in the industry as well as ensuring business continuity.

Customer retention has a significant impact on profitability and financial performance of the hotel. The 5% increase in customer retention can produce 25 – 80% of rise in profit (Reichleld, 2005). This is because firms with high customer retention rates tend to have lower costs, maintains more profitable long term relationship and enjoy substantial word of mouth advertising. it leads to more purchase more often and attempts to win a slightly larger share of customers spend in addition relationship leads to loyalty and loyal customers are supposed to buy more and pay higher prices. Additional problems are lack of poor customer satisfaction related with service quality.

1.4. Research questions

- Does customer retention practice has benefits in hotel business?
- Do hotels have strategies used to develop customers retention practice?
- Does Yebsabi hotel has mechanisms to handle customers complains related to service failure?

1.5 Objectives of the study

1.5.1 General objective

The overall objective of this study was assessing the role of customers retention practice of hotels which found in Wolkite Town ,specifically in Yebsabi hotel.

1.5.2 Specific objectives

The specific objectives of the study are:-

- ❖ To assess the major problems that Yebsabi hotel encounter in retaining customers.
- ❖ To describe the major strategies or course of action that Yebsabi hotel takes action in order to make customers loyal.
- ❖ To assess customer’s complain handling methods related to service failure in Yebsabi

hotel.

- ❖ To assess the employees role in customer retention process in the Yebsabi hotel.

1.6 Significance of the study

For the researchers: it helps to improve existing knowledge on customer retention and related concepts and also helps to relate the theoretical part with the practice in the real world.

For the hotel: - the research paper provides valuable information to the hotel

on how to retain customers. In addition the research paper help Yebsabi hotel employees and managers to understand and explain the concept of customer retention practice and also help the manager and employees of the hotel to see problems on the services being provided and to take corrective measures and action.

For the customer: customers to take awareness by reading the research about the customer retention and what kinds of benefits the hotel would be gain through retaining customer.

For other hotel: to become more competitive through retaining customers and using most strategy of customer retention better than other hotel.

1.7 Scope of the study

The researcher will give much emphasis on the role of customer's retention practice towards the success of hotel business in case of Yebsabi hotel because the interest of the research will focuses its area of investigation in Yebsabi hotel and customer retention practice.. Therefore, the boundary of the study would focuses only the practice of customer retention in relation to Yebsabi hotel and does not include other hotels found in Wolkite city and it only include customer , employees as well as manager of Yebsabi hotel.

1.8. Limitation of the study

While conducting the study the researcher was faced the following limitations:

- ❖ Difficulty in distributing questionnaire to the selected employees in the center
- ❖ Some of the respondents not interested to fill open-ended questions on the questionnaire.
- ❖ The total questionnaire duplicated and distributes may not collected fully.

- ❖ Since the researcher is faced difficulties, because of covid-19 virus, it encountered constraints in time and budget.

1.9 Organization of the paper

The research would organize in five chapters.

Chapter one deals the introduction part of the study , background of the study , statement of the problem , objective of the study , significance of the study ,scope of the study and organization of the paper. More over chapter two would focuses with literature review and chapter three would deals with research methodology description.

CHAPTER TWO

2. Literature review

2.1 customer retention

2.1.1 Meaning of customer retention

Customer retention is the ability of a business to retain customers. It occurs when customer purchase a product or service again and again for over an extended period of time. Building long term relationship with customers is considered as an essential precondition for the economic survival and success of most service firms today.

Customer retention is partially one of the most powerful weapons that companies can employ in their fight to gain a strategic advantage and service in today's ever increasing competitive environment. It has been to be a primary goal in firms that practice relationship marketing. 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 retention lengthens, the volume purchased grows and customer referrals increase. Simultaneously relationship maintenance cost falls as both customer and supplier learn more about each other. Finally retained customers may pay higher prices than newly acquired customers and are less likely to receive discounted offers made to acquire new customers. (kotler,(2004)

2.1.2 Benefits of customer retention

Although gaining new customers is important, successful customer retention circumvents the cost of seeking new and potentially risky customers and allows organization to focus more accurately on the needs of their existing customers by building relationships. Customer retention has significant impact on profitability and positive customer satisfaction and leads to superior financial performance. This is because firms with high customer retention rates tends to have lower costs, maintain more profitable long term relationships and enjoy substantial word of mouth advertising.

2.1.3 Roles of employees within the retention process

Another point would be the employee involvement in the customer retention process. Frontline employees have the power to take actions which provide immediate customer satisfaction and there by reinforce customer retention. This necessitates actively managing interactions between customer and staff and instigating improvements to the external quality of service by increasing the levels of internal service which staffs receive from within the organization from support departments

and technology.

The most vital statistic for retaining a customer in any organization is its employees. Satisfied employee creates a satisfied customer and higher financial returns and that by the same token, disgruntled staff led customer dissatisfaction.

➤ **Ensuring customer satisfaction**

While those who don't deal directly with customers may be able to hypothesize what will make customers happy, only those who interact face to face can ensure that they are truly satisfied. To do this, however employees must feel as if they are able to make modifications to the general business practice to truly satisfy their customers. If employees compelled and empowered to meet customer needs, the organization can ensure higher levels of customer satisfaction and likely improved customer retention.

➤ **Environment creation**

Customers impressions of a business depend in large part on the environment present in the workplace. While managers may have a preference as to how their workplace will feel. Employees are the ones who actually set the scene. Employees impact the business environment through the ways in which they interact with each other as well as how they respond to customers. If employees behave in a professional yet inviting manner, they may be better able to please customers and make the business environment an inviting one.

➤ **Relationship building**

Ideally customers and workers create relationships, keeping customers comeback. To craft

these relationships workers must do more than just the bare minimum and create connections

with the individuals they serve. This may entail asking customers for details about their lives or

remembering customer's common orders allowing them to expedite the process in a fashion quite pleasing to the repeat customers. While management cannot enforce the building of relationships, they can select employees who appear open and willing to build relationship.

➤ **Representing the product**

Employees often provide customers with their initial impressions of the product the company offers. Though the workers who deal directly with customers may not be the people who select or develop products, they are the ones who give customers information about them, selling the products and proving to the customers that the products in question are ones they

need. To ensure that workers can represent the products they sell effectively, managers must educate their workers on these products and ensure that they possess the knowledge necessary to tell workers about them in an informed and engaged manner.

2.1.4 Improving customer retention

Researchers indicate that returning customers tend to spend more. So along with the other benefits it is company's interest to spend time and money on customer retention. There are many ways for the organization to achieve this:-

- **Product:** -by selling quality product the customer will be happy and likely to return for more.
- **Pricing:** - in pricing a product at a reasonable one for the market the customer will consider returning to purchase more in the future.
- **Customer service:** - good customer service from the minute the client enters the service providers will help sales and the memory will stay with customer. Good after sale customer service in the case of an issue, helps offset further problems and assures the customer of the organization good intentions.
- **Appealing shop layout:** - making a store easy to navigate, warm in the cold months, cool in the summer ones and customer friendly décor can help hugely in retaining customers.

Nobody will want to return to a cold store where product is difficult to find.

By keeping eye on customers habits and seeing how many are returning, the organization can see where improvements are necessary. If the organization has high customer retention they need

see why and ensure that they keep doing what they are doing well to maintain standards. The opposite is also true. If customer retention is low, items such as product, pricing and customer service need examining so as to retain that all important returning customer.

([Http://www. Shopify. Com](http://www.Shopify.Com))

2.2 Relationship marketing

Marketing management is the art and science of choosing target markets and building profitable relationships with them. Companies are also using customer relationships management to retain current customers and build profitable long term relationship with them. The new view is that marketing is the science and art of finding, retaining and growing profitable customers. In the past companies could practice a "LEAKY BUCKET" approach to marketing. They could keep filling the market bucket with new customers without worrying

about losing old customers through holes in the bottom of the bucket. Companies today face some new marketing realities changing demographics, more sophisticated competitors and over capacity in many industries all of these factors mean that there are few customers to go around. Many companies are now fighting for share of flat or fading markets. Thus, the cost of attracting new customers are rising, on average it costs 5 to 10 times as much to attract a new customer as it does to keep a current customer satisfied.

The management of customer relationship in business is not a new phenomenon although the term relationship marketing was only recently introduced to marketers. (Gumesson, E (2002)

In many

service environment there is face to face interaction between service providers and customers from which social bonds may develop.

A relational perspective fit well with in these contexts, where there is an opportunity for companies to promote longer customer tenure, and gain the associated economic benefits.

The key to building lasting customer relationship is to create superior customer value and satisfaction. Satisfied customers are more likely to be loyal customers, and loyal customers are more likely to give the company a large share of their business. A company can always increase customer satisfaction by lowering its price or increasing its service but this may result in low profits. Thus, the purpose of marketing is to generate customer value profitably. The marketer must continue to generate more customer value and satisfaction but not "give away the house". As mentioned previously the goal of marketing is generating customer value profitably. some customers are profitable and some aren't. Therefore the marketer should keep profitable customers, or convert unprofitable ones to profitability unless otherwise fire those who are not profitable.

2.3 customer satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Companies generally ask customers whether there products or services have met or exceed expectation. Thus, expectations are a key factor behind satisfaction. Customer satisfaction is a term used to describe a scenario when an exchange meets the needs and expectations of its user. It full fills the customers' expectations in terms of quality and service in relation to the price paid. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate there experience as less than satisfying and when customer's perceived performance exceeds their

expectations they will be delighted. Customer satisfaction has many benefits like increasing loyal customers that result in repeat purchase, positive word of mouth.

Customer value: - is the difference between the values the customer gains from owning and using a product and the cost of obtaining the product.

Customer expectations: - can develop based on past experience, the opinion of friends, and marketer and competitor information and promises.

Customer value and customer satisfaction are key building blocks for developing and managing customer relationship.

2.3.1 The Impact of customers satisfaction on customer retention

In the service industry, strong emphasize is placed on the significant importance of service quality perceptions and association between service quality and customer satisfaction. It is therefore presumed that service quality is important indicator of customer satisfaction. In essence, consumers will be loyal to a hotel of the service rendered are satisfiable to the consumers. Satisfaction is a critical scale of how well customers need and demands are met while customer loyalty is a measure of how likely a customer is to repeat the purchase and engage in relationship activities. Customer satisfaction has a positive significance relationship with customer loyalty. Therefore it's impossible to have loyalty without satisfaction.

Customer satisfaction is a critical focus for effective marketing programs. It remains a worthy pursuit among the consumer marketing community. Customer satisfaction is the core philosophy of marketing strategy of any organizations and plays a key role in an organizations success. It is vital for the brand loyalty as it is an important reason to attach someone with a particular brand. The more satisfied customers are, the greater is their retention, and the positive word of mouth generated through them and the financial benefits to the firm who serve in marketing satisfaction has been established as a major antecedent of customer retention Customer satisfaction is the necessary foundation for the company to retain the existing customers. Customers who are unsatisfied with the received services would not be expected to have long run relationships with the company. Poor services or unsatisfactory level of services, which cannot meet customer's expectation, may be one of the causes of dissatisfaction in customers. Satisfaction is an overall customer attitude or behavior towards

the difference between what customers expect and what they receive, regarding the fulfillment of some desire, need or goal Whereas, customer retention is the continuity of the business relations between the customer and company. Customer retention is more than giving the customer what they expect; it is about exceeding their expectation so they become loyal advocates for the brand. (Armstrong, G.Kotler p (2008)

2.4 Service

2.4.1 Meaning of service

The American marketing association defines service as activities, benefits or satisfaction which is offered for sale is provided on connection with the sale of goods. Service is any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Service is an act, performance or an effort thus it is different from manufacturing organization that produces something

that can be seen, touched and held. Since service is something that is perceived, sensed and experienced. (Muddy and Pirrie,2006, p.6)

2.4.2 Characteristics of services

There are four key characteristics of service business. These are:-

- ***Intangibility***:- mean that services cannot be seen, tasted, felt, heard or smelled before they are bought. Most services cannot be experienced or consumed until the purchase is made. Services such as education, hospital, transportation are highly intangible because they cannot be seen, touched, smell, heard or tasted prior to purchase.(Muddy and Pirrie, 2006, p.6)
- ***Inseparability***:- means services cannot be separated from their providers. Whether the providers are people or machines. A major characteristic of service they are produced and consumed at the same time and cannot be separated from their provider.(Muddy and Pirrie, 2006, p.6)
- ***Variability/ heterogeneity***:- manufactured goods tend to have automated process and quality assurance procedures that result in a consistent product. The quality of a service can vary by many factors including who provides it, where it is provided, when it is provided and how it is provided.

Variability is primarily caused by the human element, although machines may function causing a variation in the service. (Muddy and Pirrie, 2006, p.6)

Perishability: -mean that service cannot be stored for later sale use. The perishability of service is not a problem when demand steady. However, when demand fluctuates service firms often have difficult problems. (Muddy and Pirrie, 2006, p.6)

2.4.3 Definition of quality

Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy a given need. (Philip Kotler, 2006, 11th)

Quality is a measure of how closely a product confirms to customer's needs, wants and expectations. It's is the degree to which a product confirms to customer expectations and

specifications. Quality relative to its price customers use price as an index of quality so products with high value in relation to its cost is considered having high quality, whereas products with low value considered to be low quality. Next we can turn to service quality, a critical component of customer perceptions. In the case of pure services, service quality will be the dominant in customer's evaluations. In the cases where customer's services or services are offered in combination with a physical product, service quality may also be very critical in determining a customer satisfaction. (Philip kotler, 2006, 12th)

2.4.4 Service quality

Service quality is an assessment of how well a delivered service conforms to client's expectations. It is the delivery of excellent or superior service relative to customer expectations. (Zeithamal and Bunter, 2000)

Service quality is the one way of satisfying and providing quality service to customers according to their needs and wants. Many organizations aimed at providing high satisfaction to its customers. This is because customers who are not highly satisfied with the quality of service which the organization provides still find it easy to switch when better offers comes. Those who are highly satisfied with the quality of service are much less ready to switch. Service quality is checked by the difference between customer perception of the service experience and their expectations of the service experience.

CHAPTER THREE

3 Research methodology

3.1 Research design

This research would be descriptive research design. This research may be effective because it provides an opportunity of collecting data from manager, employees and customer of hotel and also it attempts to describe systematically a situation, problem, service or provide information toward an issue.

3.2 Target population

The target population was mainly the manager of the hotel and the customers by interviewing if possible.

3.3 Sampling technique

The method of sampling techniques use in this study would be probability sampling techniques. I would use sampling technique to collect a necessary information from a target population to give a chance of inclusion in sample and also the result obtained from random sampling can be assured in terms of probability that is I can measure the errors of estimation or the significance of results obtaining to ensure the law of statistical regularity which states that if an average the sample would be chosen is a random one ,the sample would have the same composition and characteristics as the universe .this is reason why sample random is considered as the best technique of selecting a representative sample.

3.4 Sample size

The researcher would take 20 samples from all target population. From the customers the study would take 8 samples and from 106 employees of hotel for the study would be taken 12 samples and the manager.

3.5 Data source

For the achievement of the objective of the study , the researcher would use primary data by using questionnaire, that are closed –ended and open- ended , interview(unstructured) for manager and secondary data from boos, internet, magazine and from newspaper.

3.6 Methods of data collection

The researcher would use appropriate data collecting methods such as questionnaires which are both close and open ended for customers as well as employees of the hotel and the manager would be interviewed.

3.7 Data analysis method

The researcher would be used both qualitative and quantitative data analysis methods. The quantitative data would be presented using tools such as data tabulation, percentage and rate.

CHAPTER FOUR

4. Data analysis, interpretation and presentation

In this chapter the collected data through questionnaires and interview have been analyzed, interpreted and presented by using table, frequency and percentage. The data were collected from customers and employees and manager of Yebsabi hotel of Wolkite.

Table 4.1 samples and response rate

Descriptio n	S a m p l e	Distribute	Response rate and percent
C u s t o m e r	8	8	7 (4 0 %)
E m p l o y e e s	12	1 2	1 2 (6 0 %)
Total	2 0	2 0	19/95%.

Table 4.1 shows that in order to conduct this study totally 20 questionnaires were distributed to customers and employees of Yebsabi hotel, 8 questionnaires for customers and 12 questionnaires for employees. However out of 20 questionnaires 19 questionnaires were properly completed and returned which accounts about 95%.

4.2 BACKGROUND OF EMPLOYEES

In this particular section the researchers have been analysis the respondents (employees) characteristics in terms of gender mix, educational status, age mix, and religion.

Table 4.2.1 Gender mix (n=12)

N o	Q u e s t i o n	D e s c r i p t i o n	F r e q u e n c y	P e r c e n t (%)
1	Gender	M a l e	8	66.7
		F e m a l e	4	33.3
	Total		12	100

Source: Own survey result-2020

Table 4.2.1 portray that majority of respondents were male with resulting of 8(66.7%) and the remaining were female with 4(33.3%). This implies that male employee dominated or greater in number relative to female employees.

Table 4.2.2 Educational status(n=12)

N o	Q u e s t i o n	A l t e r n a t i v e	F r e q u e n c y	P e r c e n t (%)
2	E d u c a t i o n a l s t a t u s	S e c o n d a r y	6	
		C e r t i f i c a t e	2	16.7
		D i p l o m a	4	33.3
		D e g r e e	-	-
		A b o v e D e g r e e	-	-

	Total		12	100
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Source: Own survey result-2020

Table 4.2.2 depicted that majority of respondents were secondary school completer which accounts 6(50%) followed by diploma by 4(33.3%), no degree and above degree and certificate accounts 2(16.7%). This implies that majority of employees recruited by their secondary school complete qualification in addition it implies there is a common qualification to hire employees

Table 4.2.3 religion(n=12)

No	Question	Alternative	Frequency	Percentage (%)
3	Religion	Orthodox	6	50
		Protestant	2	16.7
		I s l a m	4	33.3
		O t h e r s	-	-
	T o t a l		12	100

Source: Own survey result-2020

Table 4.2.3 illustrate that the majority of the respondents were orthodox resulting 6(50%) of the respondents, followed by Islam with 4(33.3%) and the remaining 2 (16.7%) protestants. This implies that the employees of Yebsabi hotel is more orthodox rather than protestant and Islam.

4.3 DESCRIPTIVE ANALYSIS OF DATA COLLECTED FROM EMPLOYEES OF SOUTH STAR INTERNATIONAL HOTEL

Table 4.3.1 Communication structure (n=12)

No	Question	Alternative	Frequency	Percent (%)
4	How do you communicate with your customer?	Excellent	6	50%
		Very good	5	41.7%
		Good	1	8.3%
		L e s s	-	-
	T o t a l		12	100%

Source: Own survey result-2020

Table 4.3.1 portray the communication process between employees and customers. 6(50%) of the respondents said there is an excellent communication, followed by very good communication which accounts 5(41.7%) and the remaining 1(8.3%) said there is good communication with their customers. This implies that there is good relationship between employees and customers.

Table 4.3.2 Training (n=12)

No	Question	Alternative	Frequency	Percent (%)
5	Did you get any training from Yebsabi hotel?	Yes, completely	1	8.3
		Yes, but not completely	8	66.7

		No	3	25
	Total		1 2	10 0

Source: Own survey result-2020

Table 4.3.2 illustrates that majority of respondents received training but not completely with resulting of 8(66.7%), followed by didn't get training by 3(25%) and the rest 1(8.3%) get complete training at all. This implies that there is a gap in employee's knowledge on handling of customers, how to build long term relationship with customers.

Table 4.3.3 handling of customers(n=12)

No	Q u e s t i o n	Alternative	Frequency	Percent (%)
6	Do you handle your customers in appropriate manner?	Yes, completely	4	33.3
		Yes, but not completely	8	66.7
		No	-	-
	T o t a l		1 2	10 0

Source: Own survey result-2020

Table 4.3.3 shows that majority of respondents not completely handle their customers in appropriate manner which accounts 8(66.7%) and the remaining 4(33.3%) handle their customers in appropriate manner completely. This implies employees are confident about how to handle customers even if they do not get sufficient training.

Table 4.3.4 prompt response for complain(n=12)

No	Q u e s t i o n	Alternative	Frequency	Percent (%)
7	Do you give prompt response for your customers complain?	Yes, completely	8	66.7
		Yes, but not completely	4	33.3
		No	-	-
	T o t a l		12	100

Source: Own survey result-2020

Table 4.3.4 portray that majority of respondents completely give prompt response for customers complain with resulting of 8(66.7%) and the remaining 4(33.3%) give prompt response for customers complain but not completely. This implies that employees are committed to give quick response to customers complain

Table 4.3.5 satisfaction from Yebsabi hotel (n=12)

No	Q u e s t i o n	Alternative	Frequency	Percent (%)
8	Are you satisfied with the compensation provided by Yebsabi hotel?	Yes, completely	4	33.3
		Yes, but not completely	2	16.7

		No	6	50
	Total		12	100

Source: Own survey result-2020

Table 4.3.5 depicted that majority of respondents satisfied with the compensation granted by Yebsabi hotel is not satisfied or dissatisfied which accounts 6(50%), followed by completely satisfied with 4(33.3%) and the remaining 2(16.7%) of respondents are but not completely satisfied by the compensation provided by the hotel. This implies that employees have no complains on Yebsabi hotel because they are satisfied by the compensation and rewards.

According to the respondents the majority of employees of Yebsabi hotel were proposed their idea the pricing system has the value to retain the customer 31(96.9%) and but not completely 1(3.1%) but overall has its value to retain the customer as well through providing discount special depending on season.

4.4 BACKGROUND OF CUSTOMERS

In this particular section the researchers have been analysis the respondents (customers) characteristics in terms of gender mix, educational status, age mix, marital status and religion.

Table 4.4.1 Gender mix of the respondents (n=8)

Question	Alternative	Frequency	Percent (%)
Gender	Male	5	62.5
	Female	3	37.5
Total		8	100

Source: Own survey result-2020

Table 4.4.1 portray that majority of respondents were males with resulting of 62.5% and the remaining were females with 37.5%.This implies that majority service users in Yebsabi hotel are males rather than females.

4.4.2 Educational back ground of customers

Question	Alternative	Frequency	Percent (%)
Educational status	Primary	-	-
	Secondary	-	-
	Certificate	-	-
	Diploma	2	25
	Degree	4	50
	Above degree	2	25
Total		8	100

Source: Own survey result-2020.

Table 4.4.2 depicted that majority of respondents were degree holder which accounts 50% followed by diploma and above degree each accounts 25%.This implies that customers are above degree, degree and diploma holders but more are degrees.

Table 4.4.3 Age mix of the respondents (n=8)

Question	Alternative	Frequency	Percent (%)
Age	Under 20	-	-
	21 - 23	-	-
	24 - 27	1	12.5
	28 - 30	2	25
	Above 30	5	62.5
	Total		8

Source: Own survey result-2020

Table 4.4.3 shows that majority of the respondents were above 30 years old with 62.5% followed by 25% and 12.5% of respondents that fall under the age of 28-30 and 24-27 respectively.

Table 4.4.4 marital status of customers (n=8)

Question	Alternative	Frequency	Percent (%)
Marital status	Single	4	50
	Married	3	37.5
	Divorced	1	12.5
Total		8	100

Source: Own survey result-2020

Table 4.4.4 portray that majority of the respondents were single which accounts 50% and the remaining 37.5% and 12.5% were married and divorced respectively. This implies that Yebsabi hotel service user's great number is single and same users are married but less in number.

Table 4.4.5 religious mix of customers (n=8)

Question	Alternative	Frequency	Percent (%)
Religin	Orthodox	5	62.5
	Protestant	2	25
	Islam	1	12.5
	Other	-	-
Total		8	100

Source: Own survey result-2020

Table 4.4.5 illustrate that the majority of the respondents were orthodox resulting 62.5% of the respondent, followed by protestant with 25% and the remaining 12.5% were Islam. This implies that more users are orthodox.

4.5 DESCRIPTIVE ANALYSIS OF DATA COLLECTED FROM CUSTOMERS OF YEBSABI HOTEL

Table 4.5.1 user status in Yebsabi hotel (n=8)

No	Question	Alternative	Frequency	percent%
		Below 1 year	-	-

1	How many years have you been customer of Yebsabi hotel?	1-3 year	4	50
		3-5 year	1	12.5
		Above 5 year	3	37.5
Total			8	100

Source: Own survey result-2020

Table 4.5.1 survey result reveal that majority of respondents were user or customer of Yebsabi hotel from 1-3 year which accounts 4(50%) followed by above 5 year with 3(37.5%) and the remaining 1(12,5%) were customers of Yebsabi hotel for 3-5 year respectively. This implies that there is a gap to retain customers for longer period of time.

Table 4.5.2 Type of service (n=8)

No	Question	Alternative	Frequency	Percent (%)
2	What types of service you receive from Yebsabi hotel?	Food and beverage	5	62.5
		Bed room and free internet service	2	25
		Conference hall	1	12.5
		All	-	-
Total			8	100

Source: Own survey result-2020

Table 4.5.2 portray that majority of respondents receive food and beverage service from Yebsabi hotel with the resulting 5(62.5%) followed by bed room and free internet service users with 2(25%) and the remaining 1(12.5%) receive the service of conference hall. These show that greater part of respondents is user of food and beverage service. Therefore, this implies that there is a gap in the management area to work in other promotional activities to attract user of the remaining service.

Table 4.5.3 reason for choice (n=8)

N_o	Question	Alternative	Frequenc y	Percent (%)
3	Why you prefer this hotel?	Information obtained from friend	2	25
		Nearness to home	5	62.5
		Information obtained from employees	1	12.5
		Due to advertise	-	-
	Total		8	100

Source: Own survey result-2020

Table 4.5.3 survey result show that majority of respondents preferred the Yebsabi hotel because of nearness which accounts 5(62.5%) followed by 2(25%) with the reason of information obtained from friends and the remaining 1(12.5%) customers preferred Yebsabi hotel because of information acquired from employees of the hotel. This implies that there is again a gap in using other promotional mix elements to attract large number of customers.

Table 4.5.4 Expectation of service (n=8)

No	Question	Alternative	Frequency	Percent (%)
4	Expectation before using the service?	Very high	3	37.5
		High	2	25
		Medium	2	25
		Low	1	12.5
		Very low	-	
	Total		8	100

Source: Own survey result-2020

Table 4.5.4 portray that majority of respondents expectation were very high before using the service which accounts 3(37.5%) followed by high and medium expectations with 2(25%) each. The remaining 1(12.5%) customer's expectation were low respectively. This implies that Yebsabi hotel has good reputation towards its potential customers.

Table 4.5.5 Actual performance (n=8)

No	Question	Alternative	Frequency	Percent (%)
5	Actual performance after using the service?	Very High	1	12.5
		High	2	25
		Medium	5	62.5

		Low	3	37.5
		Very low	-	-
	Total		8	100

Source: Own survey result-2020

Table 4.5.5 survey result show that the actual performance after using the service of Yebsabi hotel was medium according to 5(62.5%) of respondents, 2(25%) of respondent got the actual performance of the hotel were high and the rest of 1(12.5%) and 3(37.5%) of respondents answered that the actual performance of the hotel were very high and low respectively. This implies that customer's expectation and the actual performance is different mean that they are not satisfied completely.

Table 4.5.6 employees performance on handling of customers complain (n=8)

No	Q u e s t i o n	Alternative	Frequency	Percent (%)
6	Employees appropriately handle customer complain?	Strongly agree	4	50
		Agree	2	25
		Neutral	-	-
		Strong disagree	1	12.5
		Disagree	1	12.5
	Total		8	100

Source: Own survey result-2020

Table 4.5.6 survey result reveal that according to 4(50%) respondents react strongly agree

and agree on employees performance in handling of customer's complain correctly and no respondents react neutral and the rest 1(12.5%) respondents reveal strongly disagree and disagree. This implies that even if customers have complains on the service employees are committed to properly handle these complains.

Table 4.5.7 Special treatment (n=8)

No	Question	Alternative	Frequency	Percent (%)
7	Have you ever obtain special treatment from hotel?	Yes	1	12.5
		No	7	87.5
	Total		8	100

Source: Own survey result-2020

Table 4.5.7 survey result portray that greater part of respondents haven't obtain special treatment from Yebsabi hotel which accounts 7(87.5%) and the remaining 1(12.5%) respondents obtained special treatment from the hotel when there is new things in the hotel but it is not that much visible. The implication is that the hotel is not ready to contact personally with each customer to know their special requirements and to create strong bond with them.

Table 4.5.8 perception of service(n=8)

No	Question	Alternative	Frequency	Percent (%)
	Level of quality service you get from the hotel?	Very high	-	-
		High	2	25

8		Medium	5	62.5
		Low	1	12.5
		Very low	-	
	Total		8	100

Source: Own survey result-2020

Table 4.5.8 survey result show that majority of respondents were perceived medium quality service from south star international hotel resulting 39(55.7%) followed by high quality service with

5(62.5%) and the remaining 2(25%) and 1(12.5%) respondents were perceived high and low quality service from the hotel. Therefore it implies the manager of the hotel and employees are not addressing high quality service for customers to satisfy and retain them for long period of time.

Table 4.5.9 Satisfaction from Yebsabi hotel(n=8)

N o	Question	Alternative	Frequency	Percent (%)
9	Are you satisfied with the service of Yebsabi hotel?	Yes completely	3	37.5
		Yes, but not completely	4	50
		No	1	12.5
	Total		8	100

Source: Own survey result-2020

Table 4.5.9 portray that majority of respondents were satisfied but not completely by the service of Yebsabi hotel resulting 4(50%) followed by respondents who are completely satisfied with the service of the hotel which accounts 3(37.5%) and the rest 1(12.5%) not satisfied by the service of the hotel. This implies that their expectation was exceeded the actual performance of the hotel that results due to the provision of medium quality service.

4.6 QUALITATIVE DATA ANALYSIS COLLECTED FROM INTERVIEW OF MANAGER OF YEBSABI HOTEL

Regarding with the type of services the hotel provide; the manager stated or responded that they provide different types of foods and beverages ,free internet service ,and there is clean pension services are available in addition to this conference hall is included as the main service they provide to the customers.

Regarding to the service currently provided by the hotel and customers' expectations; the manager said that the service we deliver mostly meet customers expectation because we try to deliver quality service according to customer's request without any delay.

Regarding with employees competence and ability to respond customers complain; the manger was confident about the employees to say that they can handle complains comes from customers almost

all employees can handle customers complain but if it is beyond their capacity they would refer to their supervisor also majority of employees responded that they are ready to handle complains comes from customers.

Regarding to the efforts made to satisfy customers; the manager stated that in order to satisfy customers first they made need assessment of customers by carefully identifying the most repeated requests of customers and then provide the needed services as soon as possible to make customers satisfy. On the other hand customers of Yebsabi hotel majority of them were not satisfied completely because they expected high quality service but they actually found medium level service quality.

Regarding to how they handle dissatisfied customers; the manager responded that first of all as a manager of this hotel I didn't get anyone who is dissatisfied by our service but if there is dissatisfied customer first we ask him/her what makes him/her disappointed and then quickly correct the problem and back to work.

CHAPTER FIVE

. Summery, conclusion and recommendation

5.1 Summery

The general objective of the study was to assess the role of customer retention towards the success of hotel business in case of Yebsabi hotel and the researcher used primary source of data to collect relevant and reliable information from customers and employees of the hotel and the researchers used descriptive research design.

Major findings of the study

Most of Yebsabi hotel employees which account (50%) have an excellent communication with their customers. Employees of Yebsabi hotel are males (66.7%) as well as majority of employees (66.7%) responded that they have received training but not completely, however they handle their customers not completely (66.7%) and also they respond as quickly as possible for customers complain and more of them are recruited by their degree (66.7%) and also has common qualification to their employees. Greater number of employees (50%) were not completely satisfied by the compensation and rewards provided by the hotel but they believe on other hand Yebsabi hotel is providing quality service.

On the customer's part majority of respondents (62.5%) were customers of Yebsabi hotel were above 35 years and most of them were user of food and beverage services from the hotel which accounts (62.5%). Majority of them preferred Yebsabi hotel because of nearness to their home and business center, and they strongly agree with the performance of employees in handling of customers complain correctly with resulting of (50%) but they didn't obtain any special treatment. Majority of respondents were satisfied by the service of the hotel but not completely since they expected high level of service quality but they have received medium quality service.

5.2 CONCLUSION

Based on the data analyzed and discussed information collected from customers, employees and manager of Yebsabi hotel responses are concluded as follows:-

- The researcher infers that there is better communication between employees and customers of the hotel.

Employees of the hotel were not fully trained regarding handling of customers, how to handle or compensate customers complain and how to develop long-term relationship with customers.



The major employees of the hotel were male rather than female and also they are more orthodox.

The researcher infers that the hotel is not ready to contact personally with each personally to know their customer special requirements. The compensations and rewards being provided by south star international hotel are not satisfying enough for employees.

- Nearness to home and business significantly influences the behavior of individuals to be customer of south star international hotel.
- Majority of customers were not completely satisfied because their expectation was very high but they received medium quality service from Yebsabi hotel.
- Even if employees were not fully trained they perform very well in handling of customers complain and customers also verified it but if the problem is beyond their capacity they would refer to their supervisor.
- Customers didn't obtain or received any special treatment from the hotel.
- According the respondent the Customer of the hotel was male rather than female.

Generally most of the respondents are interested on the overall service of the hotel but there are also some improvements need to be done in the hotel so as to satisfy all customers and retain them.

5.3 RECOMANDATION

The researcher has found out customers were not completely satisfied due to their high expectation and medium quality service of the hotel so improving the quality of service and satisfying customers play pivotal role for customer retention and lead to success of the

business.

The hotel is advised not to exaggerate its service because it led to higher expectation which may results in customer's dissatisfaction. Therefore it's better to inform customers what it has actually in the hotel and provide higher service if possible unless the informed service quality should be offered in order to create long-lasting relationship with customers.

The hotel advised to maximize the number of female employees' relative with male employees because females plays great role to ward attraction of customer as well as retain customer of hotel.

The advised to work more on promotional activity to attract number of female customer because there are no sufficient female users of service.

The researchers realized that provision of training for employees were not complete therefore the hotel is advised to give continues training in order to cope up with these strive competition and changing environment because Front line employees and customer relationship affect the successfulness of the hotel. Training can improve employee's knowledge on how to build long term relationship with customers that lead the hotel into the road of success.

Compensations and rewards being provided for employees were not satisfactory. So the hotel is advised to satisfy its employees because employee's satisfaction is the most vital static for retaining a customer in any organization since satisfied employee creates satisfied customer in addition employees have the power to take actions which provide immediate customer satisfaction and there by reinforce customer retention.

The researcher realized that nearness highly affects customers to consume services of south star international hotel but customer retention has a significant impact on positive word of mouth advertising. Therefore the hotel is advised to benefit from customer retention in order to increase its share of customers and to be successful service provider in this industry. The more satisfied customers are the greater is their retention and retained customers tend to spread substantial positive word of mouth advertising.

- The hotel is advised to make personal contact with customers to build rapport and trust then they are more likely to tell what they want and what would encourage them to return such as by knowing their particular likes and dislikes, knowing their**

favorite room and any other special requirements are very important to create strong bond with customer and hotel must has to work more to extend time of the customer retent.

Generally the hotel is recommended that by keeping eye on customer's habits and seeing how many are returning, the hotel can see where improvements are necessary, if the organization has high customer retention they need to see why and ensure that they keep doing what they are doing. If customer retention is low, items such as product, pricing and customer service need examining so as to retain all current profitable customers.

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**APPENDIX I IN ENGLISH VERSION
WOLKITE UNIVERSITY
SCHOOL OF BUSINESS AND ECONOMICS**

DEPARTMENT OF MARKETING MANAGEMENT

First, the researcher would like to thank you for your cooperation to fill the questionnaire. This questionnaire was developed for the purpose of assessing the role of customer retention practice towards the success of hotel businesses for that matter; you are kindly requested to fill the questionnaire. Please note that, you are not required identifying yourself and your response can not lead to your identification. Apart from taking up some of your time, answering this questionnaire presents no risk whatsoever. All responses would be treated in strict confidentiality and would be used for academic (senior essay) purpose only. So your frank response is vital for the success of the study please put "x" mark for those questions that you think right. Researcher's thank you in advance for the time and energy you sacrificed to fill the questionnaire.

Questionnaire to be filled by customers

Part one: personal data

1 Gender: male female

2 Educational status: primary secondary certificate
diploma
Degree above degree

3 Age: Under-20 21-23 24-27 28-30 above

4 Marital status: Single married divorced

Religion: Orthodox protestant Islam

Others

Part two: basic research question

1. How many years have you been customer of Yebsabi hotel?

Below one year 1-3 years 3-5 years
above 5 year

2. Which type of service you receive from Yebsabi hotel?

Food and beverage bed room service conference hall

3. Why do you prefer this hotel?

Information obtained from friends Nearness to home or organization

Information obtained from the hotel employee Attracted by
advertisement

4, what was yours expectation before using the service of Yebsabi hotel?

Very high High Medium low very low

5, what is actual performance after using the hotel service?

Very high High Medium low

6, The practice of Yebsabi hotel employees on customer complaint handling is good?

Strongly agree Agree strongly disagree Disagree

7, Have you ever obtain special treatment from the hotel?

Yes no

If your answer is yes please state your special treatment you have received _____

_____, How much quality service do you get from Yebsabi hotel?

Very high High Medium Low very low

9. Are you satisfied by Yebsabi hotel services? Yes completely

Yes but not completely No

If your answer is no or not completely specify the reason _____

APPENDIX II IN ENGLISH VERSION

WOLKITE UNIVERSITY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMENT

First, the researcher would like to thank you for your cooperation to fill the questionnaire. This questionnaire is developed for the purpose of assessing the role of customer retention practice towards the success of hotel businesses for that matter; you are kindly requested to fill the questionnaire. Please note that, you are not required identifying yourself and your response can not lead to your identification. Apart from taking up some of your time, answering this questionnaire presents no risk whatsoever. All responses would be treated in strict confidentiality and would be used for academic (senior essay) purpose only. So your frank response is vital for the success of the study please put "x" mark for those questions that you think right.

Researcher's thank you in advance for the time and energy you sacrificed to fill the questionnaire. Questionnaire to be filled by employees

Part one: Personal data

1 Sex Male Female

2 Age: 21-2 2 a 31

3 Educational status: second S cate Diploma
degree

Above degree

4 Religion: Orthodox protestant Islam Others

Part two: basic research question

1. How do you communicate with your customer?

Excellent very good good less communicate

2. Did you get any training from Yebsabi hotel?

Yes, completely Yes, but not completely No

3. Do you handle your customers in appropriate manner?

Yes, completely Yes, but not absolutely No

If your answer is NO or not absolutely specify the reason

4. Do you give prompt response for your customers complain?

Yes, completely Yes, but not completely No

If you answer is NO or not completely specify the reason

5. Are you satisfied with the compensation and benefits provided by Yebsabi hotel?

Yes, completely

Yes, but not completely No

6. Do you believe that the pricing system has contribution to retain customer? _____

Interview for the manager of Yebsabi hotel

- 1. What type of services do you provide to the customers?**
- 2. Do you think that current services provided by the hotel meet customers' expectations?**
- 3. Do you believe that employees of the hotel are competent and have ability to respond customers complain?**
- 4. As a manager of this hotel what efforts are used to satisfied customers?**
- 5. As a manager how do you handle dissatisfied customers?**

