CUSTOMER RELATIONSHIP MANAGEMENT AND CUSTOMER RETENTION POST PANDEMIC CRISIS IN STAR-RATED HOTELS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Customer retention is of great value for the long-term success of any hotel business because it is less expensive to retain a current customer than to acquire a new customer. Moreover, customers feel happy and appreciate the realization that the hotel is aiming towards enhancing their experience. Customer retention is of significant value to the hospitality industry, especially post a pandemic crisis whereby disruptions is experienced in the global economy and therefore, the need to generate more revenue for the resilience and stabilization of the hospitality industry. This study investigated customer relationship management and customer retention in the post pandemic in star-rated hotels in Nairobi City County, Kenya. This study will be of benefit to the educational institution, researchers, industry stakeholders and policy makers in the hospitality industry on matters concerning customer retention strategies during and post pandemic crisis. Commitment-trust theory of relationship marketing and social exchange theory guided the study. Mixed method research design was employed targeting 472 employees from 59 star-rated hotels located in Nairobi City County. Yamane sample size formula was used to derive a sample of 217 respondents who were identified using stratified and purposive sampling. Research instrument for the study was structured questionnaire. Two (2) hotels in Nairobi City County were chosen and used for pre-test study where 20 respondents were randomly selected. Validity was tested using expert opinion while Cronbach alpha aided in the reliability analysis with acceptable threshold of 0.7 and above used as the cut-off point. Pearson correlation and regression analysis were used to measure the strength of the relationship amongst various identified variables. The results showed a strong significant relationship between customer relationship management and customer retention of star rated hotels. The study concluded that customer relationship management significantly affects customer retention. The study recommended the need to develop cyber security policies to inspire the development of safe systems and digital channels for more consumer protection of personal data. Future research may focus on other areas related to star rated hotels' operations to establish the difference in the outcome. Consideration may also be made with studies in different geographical locations.

Keywords: Customer Relationship Management, Customer Retention, Operational Strategies, Star-Rated Hotels, Customer Loyalty, Covid 19 Post Pandemic.

INTRODUCTION

Customer retention entails maintaining a long-term business relationship, particularly with consumers. Firms focus their marketing efforts on delighting current customers in order to maintain and create long-term relationships with them. Customers will typically visit businesses that suit their wants, resulting in a long-term relationship (Singh, 2021). According to Faed (2016), maintained consumers boost company profit since obtaining new clients is costly. This is consistent with Han and Kim (2019) discovery which showed that firms that can increase client retention by 5% may increase earnings by 25% to 95%. Furthermore, the expenses of recruiting new clients are five times higher than the price of maintaining an existing customer for a company. It is a toil order and expensive affair to secure new customers, however, there is need to retain them for long-term profitability and building customer loyalty which is the heart beat business strategies (Hawkins, 2019).

Customer retention is a potential operational tool that hotels may employ to advance a strategic gain and persist in the ever-changing market shrinking caused by a dynamic economy. According to Campbell and Sands (2020), market success may be attained by implementing operational strategies that prioritize customer satisfaction and loyalty above obtaining new clients. Customer retention is crucial to organizational growth through various mechanisms which contributes to enhanced performance, stability, and profitability (Buana, 2019). The study focuses on the role of customer retention in fostering organizational growth. It examines various retention strategies and their influence on business outcomes such as profitability, customer loyalty, and operational efficiency (Al-Gasawneh, 2021). While the study draws examples from diverse industries, it does not delve deeply into industry-specific practices or customer acquisition models. Additionally, the research is limited to organizations that have implemented identifiable customer retention practices and are willing to share relevant data (Larsson, 2020).

The growing recognition of customers as critical assets has shifted organizational focus from short term transactions to long term relationships. It is more cost-effective to retain existing customers than to acquire new ones. In addition, loyal customers contribute to predictable revenue streams, provide valuable feedback, and often serve as brand advocates (Awich & Sangoro, 2023). As businesses strive to differentiate themselves in saturated markets, customer retention has become a strategic tool for sustaining competitive advantage. Moreover, with the proliferation of digital technologies and the increasing importance of customer experience, organizations are adopting data-driven strategies to understand and meet the needs of their customers better (Akyüz, 2021).

The study delves into how such retention strategies influence organizational growth, particularly in terms of profitability, market share, and brand equity (Deng, 2020). Despite widespread acknowledgment of the benefits of customer retention, many organizations continue to allocate more resources to customer acquisition, often neglecting existing customers. This imbalance leads to high churn rates, increased operational costs, and unstable revenue patterns. Moreover, in some organizations, there is a lack of coherent retention strategies or an inadequate understanding of the link between retention and growth (Wandira & Hills, 2021). These challenges hinder long-term profitability and can threaten the survival of businesses in competitive industries. The study seeks to address the problem by examining how customer retention practices influence organizational growth and identifying practical strategies for improving retention outcomes (Le, 2021). Therefore, hotels should focus on employing customer retention strategies that aim to identify, gather, and capture the correct information, assess it, and pass it on to the company to increase customer satisfaction, loyalty, and profitability (Goyal, 2021).

The need to retain existing customer is essential for the business performance enhancement and revenue generation especially during and post crisis moments (Sigala, 2020). Unexpected calamities such as diseases, natural disasters, and terrorist acts pose a hazard to the hotel sector. Different sorts of disasters have different industry repercussions and urge hotels to take action to address the varied issues posed by crises (Chen & Yang, 2020). COVID 19 pandemic outbreak resulted into a global health crisis which led to travel restrictions hence a major challenge to tourism and hospitality industry. Hotel sector was greatly affected due to the reduced tourism, travel and the slow progress in economic activities (Hoisington, 2020). Therefore, it was important for hotels to focus on the effective operational strategies that could ensure efficient customer retention and revenue generation. In fact, during and post Covid-19 crisis, retention was a more sustainable business model that was a key to sustainable growth (Al-Gharaibah, 2020).

Worldwide, the occupancy rates of hotels had gone below 20% where by the aviation travel had reduced to 95% in comparison to previous years like in 2019. The world bank estimated that 49 million people globally would experience extreme poverty because of the impact of COVID19 crisis of which 23 million is part of Sub-Sahara Africa (Boehm, 2019). Therefore, in order to restore travel confidence and stabilize the hospitality industry, it is important for hoteliers to focus on the change in consumer demand, hence the need for effective operational strategies that would ensure efficient customer retention and revenue generation (Roggeveen, 2020).

Customer relationship management was used by hotels to maintain the loyalty of customers and improve the competitive edge (Nicola, 2020). Business recovery in the post covid pandemic will require effective strategies to overcome, adapt and survive. Customer relationship management is one of the most used strategies by organizations to attain competitive advantage through increased customer retention. Customer relationship management is focused on individual marketing for long-term relationship with key customers where technology is leveraged on the identification of specific customer needs to improve value while enhancing market share and profitability of an organization. CRM aids in customer satisfaction and loyalty, acquisition of knowledge about customers and their behaviors which helps in enhancing customer retention (Zeleke & Kumar, 2020). The authors note that in Ethiopia, star rated hotels use CRM to improve customer retention by keeping in touch and building relationship. In North Cyprus, five-star hotels are using CRM to build relationship with customer through customizing of services according to individual needs where management of ICT and the integration between departments and customers is reinforced for enhanced customer retention. CRM is significant in enhancing performance, customer satisfaction, complaints reduction and customer loyalty, (Ibrahim, 2021).

Statement of the Research Problem

Customer retention is critical for the survival of any firm worldwide. In a competitive and dynamic business environment, firms must provide exceptional customer service and establish a portfolio of loyal clients that can guarantee repeat purchases to ensure corporate sustainability. It is also worth mentioning that just 12-15% of customers are loyal to a single business, yet this tiny group accounts for 55-70 percent of firm income (Al-Hazmi, 2021). Customer retention matters in times of tough economic times and therefore, highly considered during and post crisis moments such as the Corona virus pandemic for the enhancement of business performance and revenue generation.

In Kenya, hotel sector experienced decline in occupancy by 30 percent which is contrary to the increased occupancy by 6 percent experienced in 2019 (Kenya National Bureau of Statistics, 2020). COVID-19 outbreak brought about an unprecedented economic and public health issue, which changed the way businesses operate now and, in the future (Ludvigsson, 2020). This change is not just limited to how hotel businesses operate but has significant implications on how hotels maintain and grow their brand and customer base (Sigala et al., 2020). Appropriate operational strategies that improve customer retention were therefore required, especially during and post pandemic crisis moments when spending was at all-time low across the globe.

Different strategies have been proposed to improve customer retention in the post-covid 19 pandemic. Awalurramadhana et al. (2024) examined effective operational strategies adopted by European countries to overcome the impact of post-covid pandemic. Fu (2020) considered recovery strategies in the covid-19 pandemic in Taiwanese hospitality sector while Ibrahim (2021) targeted five-star hotels in North Cyprus using CRM as a strategy to influence retention of customers. Zeleke et al., and Kumar et al., (2020) focused on Ethiopian star rated hotels to reveal how customer relationship management was used to improve customer retention. These studies, however, focused on different target populations in unique geographical locations while some of the studies had different dependent variables such as customer loyalty and satisfaction. There is no study that was specifically focused on star rated hotels in Nairobi City County and hence was the focus in the present investigation. Effective operational strategies on customer retention would majorly contribute towards the survival, resilience, growth and sustainable development of hospitality industry amidst and post pandemic crisis.

Purpose of the Study

To assess the effect of customer relationship management and customer retention in star rated hotels in Nairobi City County, Kenya.

Research Hypotheses

H_{01}: There is no significant effect between customer relationship management and customer retention in star rated hotel in Nairobi City County, Kenya.

Significance of the Study

Educational institutions and researchers may benefit from this study on matters relating to customer retention and revenue generation during and post pandemic crisis. The impact of coronavirus pandemic caused many consumers to pull back on spending and reconsidered how and where they spend their money. This made it nearly impossible to recruit first-time buyers, resulting in a greater need to retain current customers to keep the revenue flowing. Therefore, the academic community may highly benefit from this study by obtaining knowledge on matters concerning customer retention strategies during and post pandemic crisis.

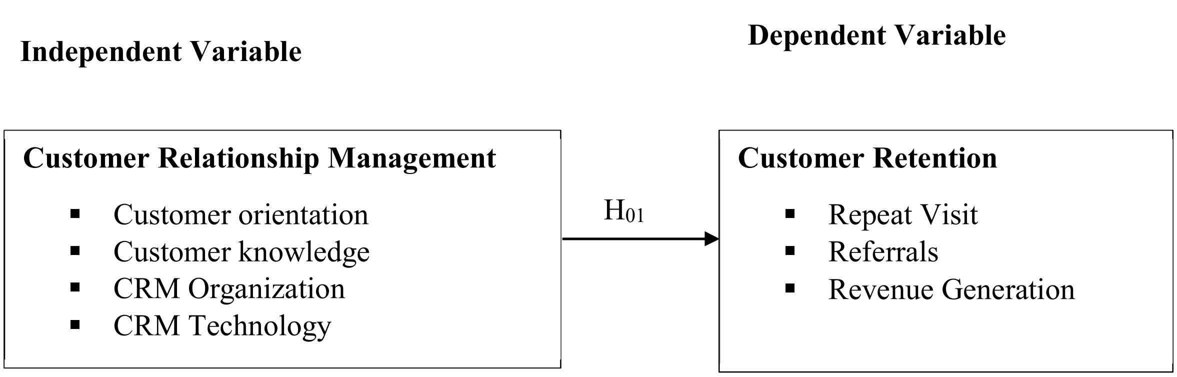
This study may benefit the industry stakeholders and other business service providers with adequate information on decision making regarding customer retention and revenue generation. Retaining customers is important for the long-term success of the hotel business because it is far more expensive and difficult to acquire a new customer than it is to retain a current one.

The regulators and policy makers in the hospitality industry may benefit from this study because it will provide information in areas pertaining operation management relating to policy formulation. The identified gaps from the study may be used for further research studies concerning the operational strategies, customer retention and revenue generation in the hospitality industry.

Conceptual Framework

The researcher designed a conceptual framework that clearly illustrates the link that exists amongst research objectives, the theories and the study hypothesis. Specific to the study, Customer Relationship Management operates independently with various variables such as customer knowledge, customer empowerment, customer orientation and complaint resolution to increase customer retention positively.

Figure 1.1 represents the conceptual framework depicting the relationship between the variables.



Source: Research (2025)

Figure 1.1. Conceptual Framework.

LITERATURE REVIEW

Customer Relationship Management and Customer Retention

Several studies on Customer Relationship Management have stated that a good relationship with clients is the key to obtaining loyal customers that attract more business as compared to non-loyal customers (Gioko, 2024). The hotel's identity and the personalities of its employees are important, as well as client satisfaction. Hotels provide comparable incentives; as a result, in order to create a difference, establishing trust and customer loyalty contributes to long-term profitability and viability of the business. Technology has provided businesses with several choices for staying in contact with customers and retaining their loyalty. However, this comes with a cost. Every organization including the hotel sector invests heavily in advertising to improve customer service and experience. CRM mechanisms enable organizations to save costs and minimize problems in reaching out to clients, particularly through the usage of social media. More importantly, implementing CRM within an organization can increase sales by improving "market segmentation, customizing products and services, obtaining higher quality products and services, gaining access to information, and employee satisfaction" as a result, ensure greater customer retention and loyalty (Fulasia, 2021).

According to Chebet (2023), the four dimensions of CRM implementations usually involve: focusing on customer-oriented strategies, managing knowledge, organizing around CRM and CRM based technology. Chebet et al., (2023) indicates that customer-oriented initiatives in a business have a significant influence on its success. In another study, Al Hazmi (2021) targeted tourism organizations using descriptive research with 200 respondents. This study appreciated the role of CRM on customer retention. The researcher recommended the need for system integration to increase customer interaction for enhanced customer retention. Opele *et al.* (2021) however, focused on Jumiya Online retail company using a survey approach. Stratified random sampling was used with 80 customers. Questionnaire aided in data gathering. The outcome revealed how CRM had a positive relationship with customer retention. The researcher recommended a long-term plan to use E-CRM to improve customer retention. CRM can be used to tailor services and products according to customer preference for more retention. Explanatory research was done using 100 bank customers in Malang City. Probability random sampling aided in the selection of respondents. Questionnaire and interview enabled feedback collection from respondents. The results showed that CRM has a significant effect on customer retention (Tifliyah*, et al.,* 2021). The study was however, limited to Malang City thus could not be used for generalization in other contexts.

Commitment-trust Theory of Relationship Marketing

Morgan and Hunt established the commitment-trust theory, which explains relationship marketing, in 1994. It states that commitment and trust are critical in mediating the interchange between participants, which ultimately leads to effective collaboration and the creation of successful relationship marketing. It enables partners to continue long-term relationships and therefore, it presumes that there is a continual desire to maintain a valued relationship, as well as a willingness to rely on a partner in an exchange in whom the other party has confidence (El-Adlya & Eid, 2016).

The exchange partners are supposed to operate in each other's best interests, such as a customer believing in the corporation with honesty and integrity. The organization focuses on the customer and their expectations rather than the product or service (Minta, 2018). It focuses on building relationships with customers by ensuring that their needs are addressed and obligations are followed, rather than the company concentrating on short-term profits (Harriet & Komunda, 2024).

Organizations should develop customer relationship management strategies with customers beyond the purchase of a product or service to guarantee that the customer is satisfied with the organization's engagement experience. Customers who are disappointed may receive a refund or discount on their next exchange. To avoid a situation in which a client is unsatisfied, the customer experience with the organization must be included into the business's strategies to demonstrate devotion to customer by continuing to create relationships with them. A commitment and trust-based relationship result to cooperative actions that enable trade parties to attain their goals (Hinson & Adika, 2018). The theory aided in the analysis of customer relationship management as an independent variable.

Social Exchange Theory

Lawler is associated with establishing social exchange in 2001. According to the theory, social exchange results in stronger or weaker bonds within groups or among individuals. Participants in social exchange often consider the costs and rewards of their relationship before deciding to share obligations in the social interaction. The feelings created by social interaction can be involuntarily penalizing or rewarding, but not both; hence, with significant shared obligations, individuals will develop strong attachments to social groups. Emotions occur when information, knowledge, or compliments are exchanged to resolve uncertainty and sustain a stable social order. The social units are regarded to be the source of the emotions felt throughout the trade task, with the goal of producing more valuable satisfaction or products than they now own.

The notion has become extremely significant in the marketing discipline, where there is a transition from a good-centric to a service-centric approach, with a greater emphasis on intangibles. The hotel industry has not lagged behind in ensuring that its customers' needs are met (Al-Azzam, 2016). When a client at a hotel has a pleasant experience, their customer loyalty to the brand increases, and vice versa. Customers rely on hotels for service success; therefore, hotels must ensure that they have effective customer relationship management strategies in place to gain clients (Keshavarz & Jamshidi, 2018).

Furthermore, for the exchange to be effective, both the customers and the company must bear equal accountability. The service provider must guarantee that the customer feels involved in the transaction (Rintari & Mogire, 2015). Organizations must guarantee that their customers have pleasant feelings to foster customer retention. Therefore, effective customer retention strategies, particularly customer relationship management, foster a sense of shared responsibility between hotels and their customers.

RESEARCH METHODOLOGY

This study adopted a mixed method research design using a survey approach. The design allows the use of both descriptive and inferential statistics, permits many aspects of a problem to be addressed, captures the population characteristics and tests hypotheses as well as control manipulation of the variables are made possible (Stebbins, 2001). Nairobi hotels were chosen because they source tourists both at international level and at local level (Tourism Regulatory Authority, 2019). Due to the small number, all the fifty-nine (59) star rated hotels in Nairobi County were included in the sample frame. The total target population for the study was 472 employees, which included: 118 Front Office Managers, 118 Food and Beverage Managers, 118 Front Office Employees and 118 Food and Beverage Employees.

Stratified Random Sampling was used to divide the star rated hotels into strata. Purposive sampling technique was used to select various hotel departments for the study and to sample the managers in all the star-rated hotels for purpose of interview. Yamane (Yamane, 1967) was used to generate a sample of 217 from the population.

Structured questionnaires were used to collect data from the hotel employees working in the front office department and food and beverage department. The questionnaires were divided into 3 sections; demographic information; customer relationship management and customer retention. Pre-test was carried out with 20 staff from two (2) hotels selected purposively. This is in line with the study of Mugenda and Mugenda (2003) study, which recommended that a well-articulated pre-test study will use 1% to 10% of the actual sample size.
The study validity was determined using experts of two groups including the lecturers at the Technical University of Kenya and the second group including experts trained in the field working in the department, who would assess, countercheck and confirm the accuracy of the concept.

Cronbach's Alpha method was used to calculate reliability and to test internal consistency. According to Somekh and Lewin (2003) Cronbach test in which an alpha coefficient of 70% was used to quantify reliability. Any values falling below 70% were discarded.
Quantitative data analysis was used for this study, whereby, the collected data was prepared and organized for analysis by coding and entry into spreadsheets. SPSS software version 25 was used. The descriptive statistical measures such as median, mean, mode, frequencies and percentages were applied upon analyzing the quantitative data. Pearson Correlation and simple linear regression was used to test the relationship.
The study ensured that research ethics was observed in the entire research process. First, a clearance letter was obtained from the Graduate School in Kenyatta University. Secondly, the researcher forwarded a permit letter for conducting research from the National Commission for Science, Technology & Innovation (NACOSTI). Thirdly, appointments were sought and obtained from the hotel's HR managers/supervisors/managers before visiting the hotels for data collection. Respondents were assured that the information given will solely be used for the academic purpose of achieving the research objective and any personal information meant for research purposes will be kept strictly confidential.

RESEARCH FINDINGS

Response Rate

Structured questionnaire was distributed to 217 employees of star rated hotels in Nairobi City County. The study received 182 responses that were filled and returned leading to 83% response rate as shown in Table 4.1.

Table 4.1. Response Rate

Response	Frequency	Percentage
Responded	182	83.2
Non-response	35	16.2
Total	**217**	**100**

Source: Survey Data (2025)

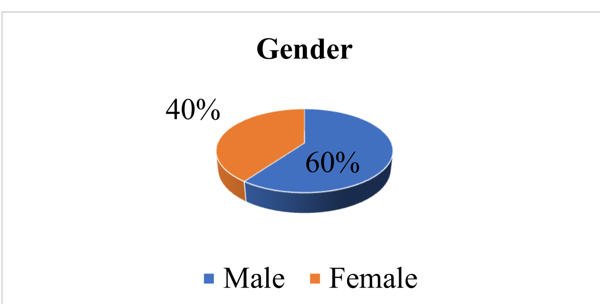
The 80% response rate outlined in Table 4.1 demonstrates quality of the questionnaire as well as easy comprehension among respondents. Meyer et al. (2022) observe that low response rate may indicate non-response and incomplete questionnaires which may affect research quality. The results show that most of the questionnaires were completed, hence improved the response rate and raised the study's quality. Hendra and Hill (2019) add that 80% response rate may be considered optimum in data analysis (Wu et al., 2022). The current study response rate signifies sufficiency of the data which was deemed optimum in analysis.

Respondents' Demographic Information

Demographic information entails population's characteristics which are important in determining customer relationship management strategies for enhanced customer retention (Grabowski, 2022). Collection of demographic data is essential in setting policies for groups that are under-represented as well as enabling the identification of patterns that may be used in innovation (Ray & Fellow, 2020). In this study, the researcher investigated demographic information of respondents to reveal unique patterns in gender, age, experience and education among star rated hotels in Nairobi City County.

Gender

Gender analysis is important as it affects an organization's performance and enhances broader business understanding (Rafaq et al., 2020). The study analyzed respondents' gender as displayed in Figure 4.1.

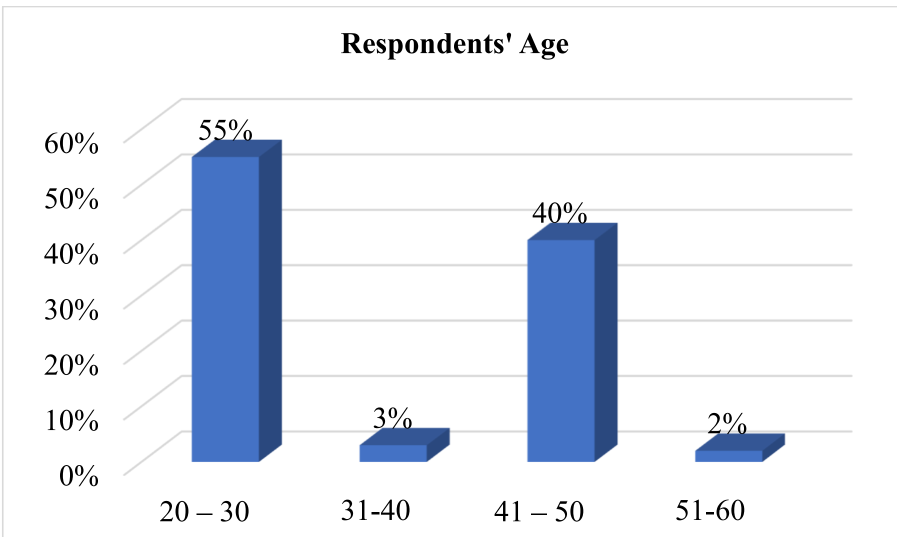


Survey Data (2025)
Figure 4.1. Gender of Respondents

The results in Figure 4.1. shows that male employees were the majority at 60% while the female consisted of 40% which implies that male gender dominates the hotel industry in the provision of customer relationship management strategies that enhance customer retention. However, the female gender consists part of the workforce and therefore enabling the diversification of skills sets for improved retention of customers. Perryman et al. (2016) noted how gender boost performance among top leadership while Orazalin and Baydauletor (2020) recognized the positive contribution of different gender in driving performance. The findings indicate how star rated hotels in Nairobi City County have combined different gender in their workforce which helps in bringing creativity in developing customer relationship management strategies for improved customer retention.

Age of Respondents

Age is the difference in age among employees which is critical for star rated hotels (Rafiq et al., 2020). The researcher analyzed respondents' age as it was deemed essential in the improvement of customer retention. Figure 4.2 displays respondents' age.

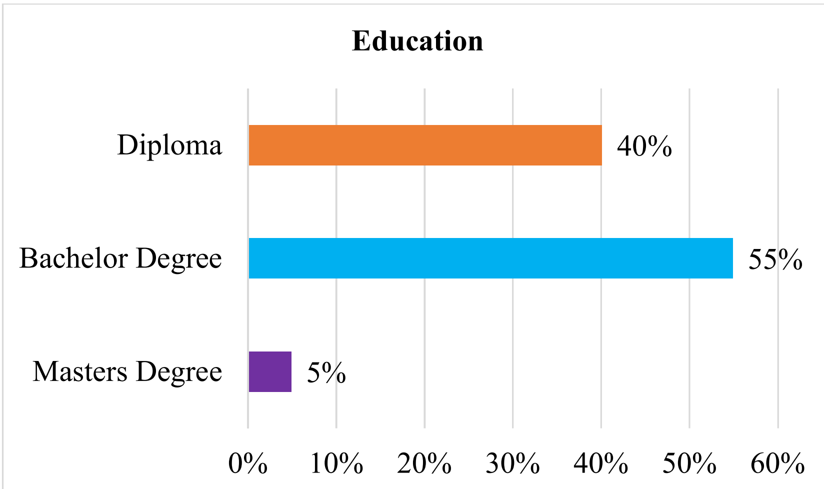


Source: Survey Data (2025)
Figure 4.2. Age of Respondents

The revelation in Figure 4.2 indicates that respondents aged 20-30 were the majority at 55%. This shows that star rated hotels workforce bears young generation which exhibit creativity and innovation. It was found that 3% of the respondents were aged 31-40 years. Respondents aged 41-50 years consisted of 40% while 2% of those who provided feedback were 51-60 years. The findings signify that star rated hotels in Nairobi City County have different age sets that bring in experience, efficiency, innovation and creativity needed in developing effective operational strategies for improved customer retention. Karimi and Busolo (2019) noted how the younger population may enhance star rated hotels' creativity and innovation while Bal and Boehm (2019) appreciated the diversity of age in improving customer satisfaction. The results therefore show that star rated hotels have a combination of the young and the old which boosts creativity in strategy development for more retention of customers of star rated hotels in Nairobi City County.

Education of Respondents

Star rated hotels recruit employees who meet their requirements based on their education profile (Khn et al., 2019). The researcher analyzed respondents' education to establish any pattern that could be used as a distinctive feature in improving customer retention of star rated hotels in Nairobi City County as demonstrated in Figure 4.3.



Source: Survey Data (2025)
Figure 4.3. Education of Respondents

The outcome indicates majority at 55% of respondents achieved highest level of education for bachelor's degree while diploma holders were 40%. It was found that only 5% of respondents had attained master's degree. The findings therefore show that star-rated hotels have highly educated professionals who can develop customer relationship management strategies for enhanced retention of customers. Maingi (2015) noted that education is significant in workforce as it raises productivity and improves performance. Education demonstrates employees' skills, knowledge and capability while highlighting cognitive strength and personality of employees. This finding reveals high level of cognitive skills, diverse knowledge and capability exhibited among star rated hotel employees and therefore capable in identifying effective strategies that may be adopted to improve customer retention. This agrees with Daniel et al. (2016) who noted how educated employees possess certain skills which are fundamental in improving customer experience and overall productivity ((Magudza, Muchongwe & Dangaito, 2020).

Experience of Respondents

Respondents' experience comprises total years of work obtained by an employee in a specific profession (Ali & Ghumro, 2020). The study analyzed experience of respondents in the hotel industry to establish any distinctive pattern that could be used to enhance retention of customers for star rated hotels in Nairobi City Count as indicated in Table 4.2.

Table 4.2. Respondents Years of Experience

4.1 Years of Experience	4.2 Frequency	4.3 Percent
4.4 1-2 Years	4.5 53	4.6 29.1
4.7 3-4 Years	4.8 105	4.9 57.7
4.10Above 5 years	4.1124	4.1213.2
4.13Total	4.14182	4.15100

Source: Survey Data (2025)

The findings indicated in Table 4.2 is that majority of employees at 57.7% have been in the workforce for a period of 3-4 years. There were 29.1% of respondents who had worked for 1-2 years while 13.2% have worked with star rated hotels for more than five years. The results show that majority of respondents have acquired requisite skill sets needed in the development of operational strategies to improve customer retention of star rated hotels in Nairobi City County. This confines to Ali and Ghumro (2020) who observed how employees with more experience provide high quality work which is positive in improving organizational performance. The results demonstrate that star-rated hotels have highly experienced employees which aid in the comprehension of customer expectations. This agrees with Abhari, Sanari and Wright (2021) who view how experienced employees understand customer needs and therefore capable of optimizing customer value which may distinguish a brand from competitors.

Customer Relationship Management and Customer Retention

Star rated hotels employ CRM as an operational strategy to manage the entire customer lifecycle which improves customer satisfaction and retention (Al-Gasawneh et al., 2021). The researcher analyzed how star rated hotels were using CRM to enhance customer retention as indicated in Table 4.3.

Table 4.3 CRM and Customer Retention

Customer Relationship Management	N	Min	Max	Mean	Std. Dev
The hotel has a clearly defined platform for customers to make enquiries and share their feedbacks.	182	1	4	1.39	0.636
Customers can make bookings via the hotel website.	182	1	4	1.71	0.646
Customers can make bookings via the hotel customer service mobile number.	182	1	4	1.43	0.659
The hotel has a customer relationship management system that captures customer information at all service points.	182	1	4	1.7	0.656
The hotel maintains customer records easy retrieval of guests' profile and preferences.	182	1	4	1.58	0.683
The hotel uses a reservation system that enables efficient guest check-in and check-out.	182	1	4	1.6	0.671
The hotel uses electronic systems and application software for accurate billings.	182	1	4	1.58	0.729
Average Mean				**1.57**	**0.67**

Source: Survey Data (2025).

From Table 4.3, respondents indicated that star rated hotels had clearly defined platform where customers were able to make inquiries and share their feedback, hence providing a mean score of 1.39, standard deviation of 0.636. This demonstrates the importance of developing platforms where star-rated hotels may engage with their customers for purposes of increasing retention. Customers are also able to share their feedback which the management may incorporate in their operational strategies to tailor services to customers according to their needs, thereby improving customer retention.

The findings as demonstrated in Table 4.3 show that star-rated hotels were able to develop websites where customers could make their bookings, hence respondents rated the statement with a mean of 1.71, standard deviation of 0.646. The outcome implies agreement among respondents that the hotels have embraced digital technologies which may be used in the development of CRM strategies therefore enhancing convenience to customers and improving retention.

Additionally, respondents agreed with a mean score of 1.43, standard deviation of 0.659 that star rated hotels adopted customer service mobile number which allowed customer bookings. The implication of the findings is that star-rated hotels have adopted mobile technology as a CRM operational strategy to improve customer retention. This may enhance retention as customers are able to reach star-rated hotels anytime at their convenience.

The revelation from Table 4.3, indicates an agreement among study respondents by a mean score of 1.7, standard deviation, 0.656 that the hotels had put in place CRM system that allowed the capturing of customer feedback from all organization's touch points. This means that star rated hotels are obtaining adequate feedback regarding customer behavior, their needs and preferences which may be used to develop effective strategies and improve service offerings for enhanced customer retention.

The results demonstrate that respondents agreed to the statement that star rated hotels were maintaining customer records which made it easy to retrieve guests' profile and preferences. The statement was awarded a mean score of 1.58, standard deviation of 0.683 which signified the importance of records to organizations in maintaining relationship with customers for purposes of improving retention.

The results indicated in Table 4.3 showed the agreement among respondents to the statement "the hotel uses a reservation system that enables efficient guest check-in and check-out" with a mean rating of 1.6, SD 0.671. The finding is an indication that customer check-in and out has been made efficient through the reservation system deployed by star rated hotels and thereby improving customer retention.

The findings presented in Table 4.3 are an indication of agreement among respondents that electronic systems and application software of star rated hotels were being used to make customer billing more efficient and accurate where the mean score to the statement was 1.58, SD of 0.729. This showed high preference of the hotels in using CRM to improve efficiency in their operations for enhanced customer retention. Overall mean for CRM was 1.57 with a standard deviation of 0.729 and hence agreement by respondents that CRM strategies improve retention of customers of star rated hotels in Nairobi City County.

An observation by Al-Salami et al. (2019) indicates the importance in developing relationship with customers to attain customer loyalty and retention. The author observes how CRM brings in more profit through sales, product improvement and enhanced service quality that ultimately raises customer retention through their satisfaction. Current research has demonstrated how star rated hotels have put measures in their CRM strategy such as website, mobile technology, customer database and record keeping, which are important strategies for improving customer retention. Buan and Maftukhah (2019) add that CRM may be used to identify customer needs to retain customers for survival in a competitive environment. The author adds that companies need a database which is significant in customer retention as they get treated differently according to their profiles. The findings demonstrate existence of customer data base, feedback collection and records keeping CRM strategies which allow tailoring of services according to customer demands and hence improving retention.

Morgan and Hunt (1994) commitment trust theory argue that for a relationship to succeed, there is need for commitment and trust between the parties (Sutanto & Djati, 2017). The theory adds that individuals in a relationship will work for the best interest of the other party (Minta, 2018). The current study found that star rated hotels value their relationship with customers evidenced in their commitment to CRM strategies which are deployed to improve relationship with customers.

Customer Relationship Management Correlation with Customer Retention

CRM is one of the essential concepts in modern business operations which is helpful in building strong relationship with customers (Adnan et al., 2021). The study analyzed the relationship between CRM and customer retention using Pearson correlation as shown in Table 4.4

Table 4.4. CRM and Customer Retention Correlation

Variables		Customer Relationship Management	Customer Retention
Customer Relationship Management	Pearson Correlation	1	.728**
	Sig. (2-tailed)		0
	N	182	182
Customer Retention	Pearson Correlation	.728**	1
	Sig. (2-tailed)	0	
	N	182	182

Source: Survey Data (2025)

The study's findings in Table 4.4 indicate that customer relationship management had a positive and significant relationship ($r=0.728$, $p<0.05$) and hence strong correlation with customer retention. This shows that CRM has a crucial role in enhancing customer retention of star rated hotels in Nairobi City County. Chikako and Hamu (2021) found a strong relationship between CRM and customer retention ($r=0.623$, $p=0.000$) for companies in Bule Hora City which confines to the current findings. Zeleke and Kumar (2020) also reported a similar finding where CRM had a positive relationship ($r=0.641$, $p=0.000$). The author noted that CRM may be used to grow new customer base, improve customer experience and retain existing clientele and hence agreeing with the present research as the findings demonstrate the positive role played by CRM in enhancing customer experience which will improve retention of customer for star rated hotels in Nairobi City County, Kenya.

Regression Model Summary of CRM

The model summary was used to present R, R Square and Adjusted R Square to demonstrate the quality of the model in using CRM to predict customer retention as in Table 4.5.

Table 4.5. Model Summary for CRM

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728[a]	0.530	0.527	0.27699

a. Predictors: (Constant), Customer Relationship Management

Source: Survey Data (2025)

From the findings, R value is 0.728, and hence high prediction quality of the model. The R Square was 0.530 which signifies that 53% of CRM contributes to customer retention of star rated hotels in Nairobi City County. This implies that 47% of the factors contributing to customer retention are not related to CRM and hence more investigation should be conducted to establish the factors. The adjusted R Square is 0.527, which shows that 52.7% of CRM accounts for retention of customers when adjustment is made in the model. The results bear similar findings with Al-Hazmi (2021) who found an R Square of 0.510 which showed 51% of CRM resulted to customer retention of tours and travel organizations at Al-Khars.

Analysis of Variance for CRM and Customer Retention

Analysis of variance (ANOVA) test was done to establish any significant difference in the population means to predict the outcome (Thango, 2022) as highlighted in Table 4.6.

Table 4.6. ANOVA for CRM and Customer Retention

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.579	1	15.579	203.051	.000[b]
	Residual	13.810	180	0.077		
	Total	29.389	181			

Source: Survey Data (2025)

The results in Table 4.6 show that CRM strategies significantly predict customer retention F (1,180) = 203.051, p value=0.000, hence the model is suitable in predicting the dependent variable. Aich and Sangoro (2023) reported how CRM strategies statistically and significantly determined competitiveness of star rated hotels in western Kenya which agrees with the present research.

Regression Coefficients of CRM and Customer Retention

Customer relationship management is one of the essential concepts in modern business operation which is helpful in building strong relationship with customers (Adnan et al*.,* 2021). The study analyzed the contribution of CRM to customer retention as outlined in Table 4.7.

Table 4.7 CRM and Customer Retention Regression Coefficient

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.399	0.086		4.668	0.000
	CRM	0.881	0.062	0.728	14.250	0.000

Source: Survey Data (2025)

The discovery displayed in Table 4.7 showed that when all things remain constant, customer retention will increase by 0.399, p value of 0.000. However, an introduction of customer relationship management in the model will improve customer retention by 0.881, p value of 0.000 thereby showing that CRM is important as it raises retention of customers significantly. The hypothesis of the study was that CRM has no significant effect on customer retention. From the findings, CRM was (β=0.881, p value was 0.000) had significant effect on customer retention leading to the rejection of the first hypothesis.

The findings agree with Zeleke and Kumar (2020) who reported a significant effect of CRM on customer satisfaction for star rated hotels in Ethiopia. The results agree with Gioko (2024) findings where CRM was measured using service quality, technology and personalization with reports of positive and significant effect on the performance of hotels in Kenya. The outcome confines to Soliman and Kamel (2021) investigation where CRM (β=0.149, p=0.005) significantly affected star rated hotels in Cairo.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

The objective of the study was based on assessment of customer relationship management on customer retention of star rated hotels in Nairobi City County. The findings demonstrate how star-rated hotels have developed clearly defined platforms for customer inquiries and feedback collection. The results show high regard placed by the hotels in developing websites, incorporating mobile applications and having effective systems that aid in the capturing of customer information across all touch points. The findings show the critical role customer records play in customizing services according to guests' profiles. Customer relationship management was found to influence customer retention of star rated hotels in Nairobi City County. Customer relationship management had a positive, strong and significant relationship with customer retention. The results demonstrated the significant role CRM plays in enhancing retention of customers for star rated hotels in Nairobi City County, Kenya.

The study concludes that star rated hotels are reaching a wider population conveniently where customers are able to make bookings at their convenience through website channels which raise retention of customers. The study concludes that customers service mobile number and all other customer touch points are being used by the hotels to provide services and capture customer information which is used for service improvement according to the needs and expectations of customers. Conclusion is made that hotels are using internal database to obtain information about customers and incorporate in the development of solutions according to customer preferences. CRM has a moderate and significant relationship with customer retention of star rated hotels in Nairobi City County, Kenya.

The study recommends cyber security policy development to guide star rated hotels in the development of systems where customer data is captured. This will protect consumer information and hence improve confidence to engage with star rated hotels across different channels. Policy makers may also use the findings to sensitize star rated hotels management on regulations regarding the use of customer data so that they do not infringe the right of customers for privacy.

Recommendations are made by the management regarding the need for seamless integration of all systems and automation to improve engagement with customers. This will reduce customer effort in accessing star rated hotels' services thereby improving retention. Star rated hotels may enhance their effort in obtaining feedback from customers to improve products and services as well as develop unique products according to customer preference and therefore improve retention.

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