ASSESSING THE EFFECTS OF CUSTOMER SATISFACTION AND RETENTION IN THE HOSPITALITY INDUSTRY: A STUDY OF ST. JACOBS AND GROOVY HOTELS, AKURE, ONDO STATE, NIGERIA

Idowu Ojo

ABSTRACT

This study looked into the effects of customer satisfaction and retention in the hospitality industry, a case study of St. Jacobs and Groovy Hotels in Akure, Ondo State. Meeting the needs of consumers makes it possible to retain them and promote customer retention, which guarantees continued business. To some extent, the accomplishment of corporate goals is determined by the degree of customer happiness and retention. For this study, a descriptive survey research design was adopted. Convenience sampling was used to choose the 120 customers that made up the study sample. The questionnaire served as a key data collection tool. Both descriptive and inferential statistics were used to analyze the data that were gathered. Bar charts and basic percentages were used to assess the respondents’ demographic data. The study employed Linear Regression Analysis and Pearson Correlation to evaluate the three hypotheses at significance levels of 0.05 alpha. Customer satisfaction is positively and significantly impacted by service quality, according to the results of the hypothesis tested. There is a significant relationship between customer satisfaction and client retention and the study indicated that customer care, customer satisfaction, and customer retention are positively and significantly correlated. This study suggested that, in order to provide customers with a sense of belonging, prompt and appropriate care should be provided whenever objections are expressed. Thus, it would be beneficial to look at additional factors related to the concept of customer happiness, such as the caliber and service of food and beverages, hotel branding, cleanliness, and security.

1. INTRODUCTION

The service industry’s hospitality sector includes a broad range of businesses, including lodging, food and beverage services, event planning, theme parks, and travel and tourism. It includes places to stay, restaurants, bars, casinos, theme parks, events, cruise ships, boats, leisure pursuits, and other tourism-related services. In its broadest definition, hospitality is the act of extending a warm welcome to a visitor or creating a cozy setting that feels like a home away from home. The...
hospitality sector includes the provision of lodging, meals, drinks, and entertainment services to visitors and lodgers Akpan & Eno (2021).

Researchers are now interested in examining the impact of customer satisfaction and retention in the hospitality sector within two particular hotels in Akure, Ondo State, because of the aforementioned functions. According to Hwang and Seo (2016), guests' overall assessment of their interactions and observations of the services they received at a hospitality institution are referred to as the "guest experience" in the hospitality sector. This is a crucial component of the unique services that the establishment offers. Customers may only assess the quality of hospitality services based on their personal experiences, as the services rendered by a company cannot be owned, saved, or reused Line (2021).

Agwa et al. (2018) state that while discontent has been identified as a key component in customers' intentions to switch, customer satisfaction plays a significant role in influencing consumers' repurchase intentions in today's changing corporate environment. Thus, it follows that in order to foster both customer retention and repeat sales, businesses must establish and preserve positive relationships with their clientele. Customers who have a great relationship with an organization are more likely to make repeat purchases and continue to support it, which allows them to spread the word about their positive experiences to other members of the community and benefit the business. Bala et al. (2016). Furthermore, unhappy clients are more likely to tell others about their awful experiences, which will negatively impact the company's success. To attain customer satisfaction, the hospitality industry needs to be able to build and maintain a relationship with customers that lasts a lifetime by meeting their needs and wants, which encourages them to remain regular clients of the company. According to Lenin (2017), a company must deliberately always meet the needs of its various clients in order to sustain its clientele in this cutthroat global community.

In the hospitality sector, guest satisfaction has long been important. Many people believe that providing excellent service and increasing customer satisfaction are crucial factors in the success of businesses in the hotel, catering, and tourism sectors Ludfi (2017), Akpan & Eno (2021). According to Odondo, Lusala, and Odondo (2021) satisfied consumers are thought to be more likely to develop retention, make repeat purchases, and spread good word of mouth. Customer satisfaction at hotels is influenced by a number of elements, such as the hotel’s ambience and the degree of friendliness displayed by the staff Parawansa (2018). The thorough evaluation of performance that considers all prior contacts with a company is known as satisfaction Parawansa (2018). A consumer is more likely to be happy with their hotel stay if they get what they were expecting, claim Bowen and Shoemaker (2004). The atmosphere of the hotel and the degree of hospitality displayed by the staff are just two of the many aspects that contribute to customer satisfaction with hotels Shimekit (2016). Thus, it is well acknowledged in the hotel, catering, and tourism industries that raising customer satisfaction and offering first-rate service are essential to success Shimekit (2016), Nayebzadeh & Farmani (2018).

1.1. AIMS AND OBJECTIVES

The main goal of this research is to find out how customer satisfaction and retention affect the hospitality sector. St. Jacobs and Groovy Hotels in Akure, Ondo State, Nigeria, will be the focus of this investigation. The specific goals are as follows:
1) assess the effects of service quality on customer satisfaction at St. Jacobs and Groovy Hotels, Akure, Ondo State.

2) examine the effect of guest' satisfaction and customer retention in St. Jacobs and Groovy Hotels, Akure, Ondo State.

1.2. RESEARCH HYPOTHESIS

Hypothesis One: H0: Service quality does not have a significant effect on customer satisfaction at St. Jacobs and Groovy Hotels.

2. LITERATURE REVIEW

2.1. CONCEPT OF CUSTOMER SATISFACTION

Various scholars have offered varying interpretations of what constitutes customer happiness. Elvira & Shpetim (2016) define customer satisfaction as the response a customer has to the service they receive, which is based on the service provider's actual performance as well as their expectations. Consumer satisfaction, according to Farooq & Salam (2018), is the degree to which the perceived performance of a service matches or is beyond the expectations of the consumer. Ideally, there is dissatisfaction when the service does not live up to the expectations of the client. As to the findings of Çavusoglu et al. (2021), contentment is the outcome of expectations about interactions being met. In principle and in practice, satisfaction is widely recognized as a critical concern for marketers as well as customers.

According to Nasse (2021) research, customer satisfaction is defined as an evaluation conducted following the use of a good or service, and satisfaction levels can differ depending on whether the needs of the consumer have been met or not.

Customer satisfaction, as defined by Mbah et al. (2018), is the degree to which a customer feels that a company's offerings, interactions, support, and services live up to their expectations. This includes responding to customer questions and fixing any issues they might be having. Customer satisfaction, according to Berezan et al. (2014), is an assessment of a product or service's quality after using it. The measure of customer satisfaction is the difference between the customers' pre-purchase expectations and their assessments of the product or service's performance during and after the consumption process. According to research, company outcomes can be impacted by customer satisfaction in both direct and indirect ways Rita et al. (2019). Researchers and practitioners from all around the world have shown a great deal of interest in this subject. It is widely believed that achieving customer satisfaction is a crucial prerequisite for any profit-driven enterprise to achieve its objectives. It is impossible to overestimate the significance of customer satisfaction since it is an essential factor that needs to be considered in order to promote customer retention Alkitbi et al. (2020).

2.2. CONCEPTS OF CUSTOMER RETENTION

In his analysis, Hamenda (2018) asserts that it is crucial for hospitality organisations to actively pursue possibilities to achieve a competitive edge by using diverse methods to retain customers. Hospitality organisations must therefore adopt proactive measures to achieve customer retention, rather than relying on pricing strategies to attract new customers Fida et al. (2020). Customer retention is the strategic effort made by firms and organisations to minimise customer defection Owusu-mintah (2018). The objective of customer retention programmes is to assist
organisations in retaining a maximum number of customers, typically by implementing customer loyalty and brand loyalty activities Rita et al. (2019). Customer retention commences at the initial interaction between a customer and a firm and persists throughout the whole duration of their partnership.

Ehsani & Ehsani (2015) defined customer retention as the strategic methods employed by organisations to retain consumers through the provision of products and services that enhance their quality of life. Based on this concept, the objective of the organisation is to continually provide customers with durable products. Customer retention is often more efficient and, on average, incurs up to seven times lower expenses compared to customer acquisition, despite organisations often allocating more funds towards the latter. The reason for this is that people perceive it as a prompt and effective method to augment their earnings Mbah et al. (2018). As stated by Laut et al. (2018), selling to existing customers is frequently a more efficient method of increasing income, as it eliminates the need to attract, educate, and convert new consumers. The significance of customer retention in the hotel industry has also increased. According to Chetioui et al. (2017), customers who have been with a business for a long time tend to spend more money, recommend more customers, require less time from service providers, and are less sensitive to changes in price. Research has shown that enhancing customer retention leads to increased earnings because the expense of gaining new customers is seven times more than that of retaining current ones.

2.3. CONCEPTS OF HOSPITALITY INDUSTRY

The hospitality industry includes lodging, food and drink, and other related services that are provided to meet the needs of guests. This involves providing housing options and particular industry-specific items Rhou & Singal (2020). The hospitality industry, which is mostly dependent on how well hotels run, is responsible for delivering flawless services to guarantee client happiness Juhana (2019). People can find employment in the hotel industry in a variety of roles, including security guards, cooks, cleaners, and receptionists. Accordingly, the hospitality sector is vital to socioeconomic development, and the demand for effective and high-quality service is rising Adedipe & Adeleke (2016). The act of extending a cordial welcome to visitors or furnishing them with a cozy setting reminiscent of their own home is referred to as hospitality. The word comes from the Latin word "hospes," which means a guest, host, or stranger. The hospitality and tourist industry is defined by Rhou and Singal (2020) as a wide sector that includes all economic activities that either directly or indirectly support or depend on travel, tourism, and hospitality. This industry sector includes a number of subsectors, including business administration, which includes events, communication, and customer experience, as well as hotels and resorts, restaurants and catering, nightclubs and bars, travel and transportation, tourism, spas and wellness, cruise liners and bus tours, cultural and sports, and so on.

According to Adeola & Ezenwafor (2016), the hospitality business is a sizable and broad one. It encompasses all industries that either contribute to or rely on travel and tourism, as well as a broad range of economic and business activities. Hospitality-focused businesses, such as hotels and travel agents, directly contribute by providing essential services that make travel and tourism easier. By offering the products and services necessary for the industry to function, suppliers, transportation providers, and catering businesses indirectly support it. However, the hotel industry is not the only source of their income Shi & Xu (2021). There are
many different segments within the broad industry of hospitality. The "Food and Beverage," "Accommodation," "Travel and Tourism," and "Entertainment and Recreation" categories make up the top four industries. Even if the industry is split up into several divisions, there is a significant amount of overlap that can be used to improve the shopping experience for customers Harun et al. (2018).

3. METHODOLOGY

3.1. STUDY AREAS

The capital of Ondo state is the town of Akure, which is situated in southwest Nigeria. It is located at the intersection of highways from Ondo, Ilesha, Ado-Ekiti, and Owo, in the southern part of the forested Yoruba Hills. Especially for goods like cassava, corn (maize), bananas, rice, palm oil and kernels, okra, rubber, coffee, and pumpkins, Akure is a major hub for agricultural trade. The main commercial crop grown in the area is cocoa, but cotton, teak, and palm products are also produced for export. The town's industries include the production of electronics, pottery, soft drink bottling, and weaving. The Federal College of Agriculture was founded in 1957, while the Federal University of Technology, Akure was founded in 1981 Britannica.com. (2023). Both institutions are located in Akure.

The study areas (Akure) are shown below in Figure 1

![Figure 1 - Map of Akure Metropolis, Ondo State](premiumtimesng.com. (2024))

3.2. RESEARCH DESIGN

For studies to be conducted successfully and produce accurate results that support the goals and research questions of the study, a research design must be chosen Creswell (2018). A descriptive research design was used for this investigation. According to the researcher, the most advantageous and appropriate survey design for determining respondents' perceptions of customer satisfaction and retention in the hospitality industry is the descriptive survey design.
3.3. POPULATION OF THE STUDY

Hotels.ng (2024) reports that there are 109 hotels in Akure, the capital of Ondo State. However, the main focus of our research is on two Akure hotels that rank in the top 20 in the city Hotels.ng (2024). St. Jacobs and Groovy Hotels are the two hotels in Akure, Ondo State that were selected.

St Jacobs Hotel is situated at Block 1, Plot 7A and B, near Leaonac Junction, Alagbaka GRA, Akure, Ondo State. The total number of rooms is 44. The package includes a complimentary breakfast for guests staying in 25 Executive Deluxe rooms, 4 Royal Deluxe rooms, 10 Royal Superior rooms, 4 Diplomatic Suites, and 1 Presidential Suite. The establishment features both a swimming pool and a fully equipped gymnasium for physical exercise activities. Electricity is generated by three robust power plants. Laundry services are provided for both resident and non-resident guests. A highly skilled team of workers ensures 24-hour security. The hotel features a small conference room with a seating capacity of 50 people in a classroom-style arrangement. The St Jacobs Hotel is a luxurious hotel located in Akure, Ondo according to Hotels.ng in 2024.

Groovy Hotel is a three-star hotel that is reasonably priced. Block 556, Opposite Plaza Junction, Ijapo, Akure, Ondo, Nigeria is where you may find it. It is quite well-liked by vacationers and visitors. Whether on official business or personal travels, it extends a cordial welcome to both business and leisure travellers. It’s close to the airport as well. The rooms at the Groovy Hotel are tastefully decorated with modern furniture and radiate luxury. The Deluxe Room, Super Deluxe Room, Executive Room, and Super Executive Room are the available room classifications. Some rooms have a beautiful view. Each room has a large bathroom, air conditioning, a refrigerator, king-sized beds, and LCD TVs with cable connections. Several facilities are offered by the Groovy Hotel. Free Wi-Fi, an aquatic centre, a restaurant, and a lounge are among the facilities offered. Guests at this facility will have more free time to enjoy their stay to the fullest and are welcome to take restorative dips in the swimming pool.

3.4. SAMPLE AND SAMPLING TECHNIQUE

Following the selection of the hotels (St. Jacobs and Groovy Hotels) for the study, respondents were chosen using the convenience sampling technique, a kind of non-probability sampling, by their availability and willingness to take part in the research. The survey will include a total of 120 respondents, with 60 customers from each of the two hotels included in the sample.

Table 1

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name of Hotel</th>
<th>Local Government Area</th>
<th>Number of Participants</th>
<th>Address</th>
<th>Customer Patronage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>St. Jacobs Hotels</td>
<td>Akure South</td>
<td>60</td>
<td>Block 1, Plot 7A and B, off Leaonac Junction, Alagbaka GRA</td>
<td>Very High</td>
</tr>
<tr>
<td>2</td>
<td>Groovy Hotels</td>
<td>Akure South</td>
<td>60</td>
<td>Block 556, Opposite Plaza Junction, Ijapo, Akure</td>
<td>Very High</td>
</tr>
</tbody>
</table>
3.5. RESEARCH INSTRUMENT

A self-designed questionnaire with closed-ended questions serves as the data-gathering tool. The purpose of the questionnaire was to gather data from guests of two specific hotels. There were two portions on the instrument: A and B. While the questions in Section B were intended to address the research objectives, Section A was intended to gather background information on the respondents. A 5-point Likert scale consisting of Strongly Agreed, Agreed, Neutral, Disagreed, and Strongly Disagreed was used to develop and lead the questions in section B.

3.6. METHOD FOR DATA ANALYSIS

Following the collection of completed questionnaires, the data were collated and assessed appropriately. The Statistical Package for the Social Sciences, version 26, is the IBM SPSS quantitative analysis program that the researcher uses to examine the data that was gathered from the main source of data collection. The data collected for this study were assessed and interpreted using descriptive statistics. Frequency distribution analysis was performed on the respondents’ demographic data, and the results were displayed using bar charts and percentages. For the hypotheses, however, Pearson Product Movement Correlation (PPMC) and linear regression analysis were employed. Every research hypothesis was assessed using a significance threshold of 0.05.

4. ANALYSES OF DEMOGRAPHIC INFORMATION OF RESPONDENTS

Total number of respondents: 120

Figure 2

The distribution of respondents by gender is depicted in Figure 2’s data. Of the respondents, males make up 72.5% and females make up 27.5%. The results indicated that male guests were more likely than female guests to stay at the establishments.
The distribution of respondents by age range is depicted in Figure 3’s data. Participants in this survey who were between the ages of 41 and 50 made up 40.8% of the total, with respondents between the ages of 31 and 40 making up 32.5%. Additionally, 16.7% of respondents are 51 years of age or older, while 10.0% of respondents are between the ages of 20 and 30. These respondents make up the least number of study participants. The results showed that the majority of respondents who stay at the hotels are between the ages of 31 and 40 and 41 and 50.

Data shown in Figure 4 showed the distribution of respondents according to how long they have been visiting the hotels. The majority of the respondents have been visiting the selected hotel for less than 1 year (50.8%). This is followed by respondents that have been visiting the hotels between 1-3 years ago with 30.8%. The least respondents in this study are those that have been visiting the hotel for more than 4 years with 18.3%. The finding indicated that the majority of the customers of the selected hotels are satisfied and patronize the hotels regularly.
Figure 5 displays data illustrating the respondents' distribution based on marital status. Married clients make up the majority of hotel patrons (59.2%); single responses come in second place with 34.2%. Those who replied with others had the lowest participation rate (6.7%). The results indicated that the majority of hotel patrons are married couples.

Figure 6

The information displayed in Figure 6 depicted the respondents' distribution based on their assessments of the top hotel departments. 34.2% of respondents, or the majority of customers, said that the customer service/reception department is the best. The departments of security and cleaning come next, with 18.3% and 18.3%, respectively. The department for food and beverage accounts for 11.7%, while the department for bartenders accounts for 10.0%. The kitchen department, with a rating of 7.5%, is the final department. The results showed that all of the departments that were chosen provided excellent customer service to the hotels that were chosen.

4.1. ANALYSES OF RESEARCH HYPOTHESES

Three hypotheses were postulated for this study and they are:
1) **Hypothesis One**

**H0:** Service quality does not have a significant effect on customer satisfaction at St. Jacobs and Groovy Hotels.

### Table 2

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.760</td>
<td>.577</td>
<td>.574</td>
<td>.667</td>
<td>.577</td>
<td>161.198</td>
<td>1</td>
<td>118</td>
<td>.000</td>
<td>1.468</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Service Quality
b. Dependent variables that measured customer satisfaction

**Source** Researcher’s Fieldwork, 2024

**Decision rule:** Based on the regression analysis results shown in Table 2, it can be concluded that the service quality in the hotels is a significant predictor of customer satisfaction, with a coefficient of R-square (R\(^2\)) of .577. This displays 57.7% of the entire variation, indicating an exceptionally high coefficient for assessing customer satisfaction. The results showed that customer satisfaction is positively and significantly impacted by service quality. Consequently, the null hypothesis (H0) is rejected and the alternative hypothesis (H1) is accepted.

### Table 3

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.846</td>
<td>.272</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.839</td>
<td>.066</td>
</tr>
</tbody>
</table>

a. Dependent variables that measured the customer’s satisfaction.

**Source** Researcher’s fieldwork, 2024

**Decision rule:** The degree to which customer happiness is impacted by service quality was shown by the coefficient summary Table 3. The service quality statistical result is as follows: \( \beta = 0.760, t = 12.696, p = 0.000 < 0.05 \). According to the statistical conclusion, customer satisfaction is positively and significantly impacted by service quality.

### 5. CONCLUSION

Based on its findings, the study concluded that customer satisfaction is positively impacted by the chosen hotels’ high standards of service. The results showed that the service quality in the hotels is a predictor of customer happiness, with an R-square (R\(^2\)) of .577. This displays 57.7% of the entire variation, indicating an exceptionally high coefficient for assessing customer satisfaction. This suggests that clients will be happier when lodging establishments offer high-quality services. The second hypothesis, which was supported by the study’s data, states that...
customer retention is positively and significantly impacted by customer satisfaction. 
client happiness predicts client retention, according to the R-square (R2).637 results. This displays a relatively high coefficient in determining client retention—
63.7% of the total variation. This implies that clients will be inclined to stay at the 
hotel again if they are happy with their interactions with the staff. Finally, 
hypothesis three of this study revealed that customer satisfaction, customer 
retention, and customer care are positively and significantly correlated. The results 
of this study indicate that while customer retention and care show \[ r = 0.199^*, p = 0.030 <0.05 \], customer satisfaction and care show \[ r = 0.197^*, p = 0.031 <0.05 \]. This 
suggests that providing excellent customer service will always result in happy and 
loyal customers.

5.1. RECOMMENDATIONS

To increase its customer base and profitability, the management of the St. 
Jacobs and Groovy Hotels in Akure, Ondo State, is advised to implement the 
following changes:
1) To make clients feel like they belong, proper and prompt attention should 
be provided if objections are voiced.
2) To prevent opening a space for rival hotels, every hotel service category 
should have reasonably priced offerings.
3) To discourage customers from moving to another hotel and to keep them 
instead of hunting for new ones, quality services that will add value to their 
needs should be offered.
4) Guaranteeing overall customer pleasure by making sure that the four Ps—
product, pricing, place, and promotion—are incorporated into the given 
goods and services to obtain a competitive edge. This also boosts customer 
satisfaction by highlighting the positive attitude of the patrons toward the 
hotels and their offerings.
5) To successfully retain consumers, hotels should conduct ongoing research 
to better understand the needs of their target market.

CONFLICT OF INTERESTS

None.

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None.

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