

**The influence of relationship marketing on customer retention in the luxury hotels in
Tanzania**

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Concern about the quality of the services offered by the hotels is one of the main challenges Tanzania needs to address. There has been serious allegation that the service offered by many hotels in Tanzania is not of international standards. Despite the great effort that has been done by the Ministry of Natural Resources and Tourism in advertising the nations' natural resources to the world, the number of the visitors repeat visiting the country is still too low. The general objective of this study was to examine the influence of relationship marketing on customer retention in Tanzania luxury hotels. The study also examines whether hotel attributes or guest characteristics moderate the link between relationship marketing and customer retention in Tanzania luxury hotels. The study proposed a theoretical extension of social exchange theory (SET) and resource based view (RBV) suggesting that different hotel practices create guest-hotel relationships and these relationships in turn are associated with the intention to repeat visit and recommending the hotel to others. *This study met these research aims through an extensive study of relevant literature and the implementation of practical research. The latter was carried out through* questionnaires survey which were conducted with 243 repeat hotel guests from 52 luxury hotels in Dar es Salaam, Arusha, Manyara and Zanzibar. A hypothesized model that included relationship marketing dimensions as predictors of customer retention was evaluated using the Multiple Linear Regression Model. The results supported the hypothesized model, indicating that relationship marketing has an influence on customer retention. The results show that service augmentation and interaction marketing have a significant impact on customer retention, while core service, relationship customization and relationship pricing have positive effect but insignificant on customer retention. The results further indicated that hotel attributes and customers characteristics significantly moderated the relationship between relationship marketing and customer retention. These relationships fit well with social exchange theory and resource based view, where in relationship marketing as a sign of a hotel's commitment towards guests is reflected in customer retention. The study also

contributes to the strategic management debate on what determines customer retention by identifying the moderating role of hotel attributes and guest characteristics in targeting relationship marketing towards customer retention. ***The main conclusions drawn from this research were that,*** two relationship marketing dimension in this (service augmentation and interaction marketing) are important dimensions in building positive relationship marketing and customer retention in the luxury hotels in Tanzania. Other three dimensions (core service, relationship customization and relationship pricing have to be moderated by hotel attributes (location and classification) and customer's characteristics (age and purpose of visits) to increase customer retention in the luxury hotels in Tanzania. ***This research came up with a model which*** evidence about relationships between relationship marketing, hotel attributes, customer characteristics and customer retention. The inclusion of customer characteristics and hotel attributes is suggested to contribute additionally to the body of relationship marketing literature and provide a more complete model within a hospitality context. Future studies can examine the impact of relationship marketing and customer retention in the context of small and medium scale hotels which also suffer from lack of the same study. Other research could see whether customers in small hotel (i.e., 3-star) perceive more interpersonal relationships than they do in four and five-star hotel.