

Effect of Customer Behavior on Organizational Performance of Lodges Within Lewa Wildlife Conservancy

¹Fatuma Halake, ²Nancy Rintari, ³Abel Moguche
^{1,2,3}Kenya Methodist University
Corresponding Email: fatuma.halake@yahoo.com

How to cite this article: Halake, F., Rintari, N., & Moguche, A. (2023). Effect of Customer Behavior on Organizational Performance of Lodges Within Lewa Wildlife Conservancy. *Innovative Journal of Social Sciences*, 3(2), 1-8.

Abstract

The purpose of this study was to determine the effect of customer behavior on organizational performance of lodges within Lewa Wildlife Conservancy. A descriptive survey design was employed to depict the true representation of customers' satisfaction levels and their effect on the organizational performance of lodges within the wildlife conservancy. The target population for this study comprised all the staff at the lodges (Lewa Wilderness, Lewa House, and Elewana Lewa Safari Camp) in the Conservancy. Since the size of the population (121) was small, the study conducted a census. Data was analyzed using descriptive and inferential statistics. The majority (80%) of the respondents stated that the performance of the lodges had been affected to a large extent by customer satisfaction levels, 13% to a very large extent, 4% to a moderate extent, and 3% to a little extent. This shows that customer behavior as a result of satisfaction had a great effect on the performance of the lodges. Majority of the respondents conquered that the lodges experienced very low rates of churn indicating customer satisfaction. Additionally, the respondents agreed that the lodges monitored switching behavior and prevented it by providing superior products and services and that customer defection could lead to negative word-of-mouth, thus damaging the organizations' reputation as shown by the average scores of 4.45 and 4.38 respectively. Further, there was a positive correlation was observed between organizational performance and customer behavior, with a correlation coefficient of 0.615. Notably, the regression coefficient results revealed that for every unit increase in customer behavior, there is a corresponding increase of 0.654 in organizational performance. The study concluded that customer behavior, such as the frequency and volume of purchases, directly impacted the lodges' revenue. The study recommends that the lodges should also tailor services and experiences to individual guests. They should gather information about guests' preferences and interests before their arrival, and use that information to personalize their stay. This can include personalized greetings, room amenities, dining options, and activities that align with guests' interests, creating a memorable and unique experience.

Keywords: *Customer Behavior, Organizational Performance, Lodges, Lewa Wildlife Conservancy*

1.0 Introduction

Customer behavior refers to the actions, decisions, and activities displayed by individuals or groups when they interact with a company, brand, product, or service. It encompasses a wide range of observable behaviors, both online and offline, which provides insights into customers'

preferences, motivations, and needs. Customers engage in information-seeking behavior to gather information and make informed decisions (Oksuz, 2021). Nevertheless, emotions can strongly impact decision-making, leading individuals to make choices that may not align with their expectations of success or perceived value. For example, fear or anxiety can deter individuals from pursuing potentially rewarding opportunities, even if they expect to succeed and value the outcomes (Choi et al., 2019).

Social pressures and norms also have a significant role in the decision-making process. People are influenced by the opinions and expectations of others, and they may choose options that are socially acceptable or conform to societal norms, even if those choices do not align with their expectations or values (Oksuz, 2021). This can lead to decisions that are driven by social validation rather than rational calculation of expected outcomes and values. This is because people often have limited or imperfect information, and they may rely on heuristics or biases in decision-making.

Therefore, the primary responsibility of the hospitality industry, which relies heavily on the efficient operation of hotels and lodges, is to provide excellent services that satisfy guest demands and expectations (Pires & Trez, 2018). This is to ensure their satisfaction within the industry and thus drive tourism growth within the country. Lodges within wildlife conservancies, therefore, play a key role in promoting sustainable tourism practices that contribute to the conservation of wildlife and the preservation of local cultures. They provide tourists with memorable experiences while supporting the local economy and promoting environmental conservation efforts, hence their performance is therefore equally important.

1.1 Problem Statement

Delivery of high-quality products or services is crucial for reputation management as it establishes a foundation of trust and reliability with customers. When customers consistently receive products or services that meet their needs and expectations, it fosters positive word-of-mouth, repeat purchases, and brand loyalty (Pires & Trez, 2018). This, in turn, contributes to the organization's long-term success. Excellent customer service through exceptional support, addressing customer concerns promptly, and going above and beyond to meet customer needs, can help organizations to enhance their reputation and create positive customer behaviors.

However, despite lodges showing efforts towards improving their services, there have been decreased occupancy rates and reduced revenue which has ultimately caused the decline of the lodge's organizational performance. This is due to the few customers that are satisfied and are more likely to recommend the brand to others and become loyal advocates, positively impacting the organization's reputation and performance (Bandara & Dahanayake, 2020). The issues have created problems for lodge management as they struggle to develop effective strategies that can enhance and influence customer behavior to maintain a positive brand reputation. Therefore, the study seeks to address the issues that affect ultimate satisfaction and how their behavior could be enhanced to improve the performance of the lodges.

1.2 Purpose of the Study

To determine the effect of customer behavior on organizational performance of lodges within Lewa Wildlife Conservancy

1.3 Hypothesis of the Study

H₀1: Customer behavior has no significant effect on organizational performance of lodges within Lewa Wildlife Conservancy

2.0 Literature Review

2.1 Theoretical Review

As developed by Atkinson (1964), the Expectancy-Value Theory suggests that individuals make decisions based on their expectations of the outcomes of their actions and the perceived value of those outcomes. In the context of customer behavior, customers are likely to engage in repeat business with a company if they expect that the outcomes of their interaction will be positive and valuable to them otherwise, they churn out and adopt switching behavior.

Organizations can use Expectancy-Value Theory to improve their performance by creating a positive customer experience that meets or exceeds customer expectations and provides value to the customer (Savolainen, 2021). Customers are likely to engage in repeat business with a company if they perceive that the service or product is of high quality and exceeds their expectations and meets their needs. Thus, organizations can improve their performance by ensuring that their products or services are of good quality and satisfy and surpass the needs of the client. Customers are also likely to engage in repeat business with a company if they perceive that the customer service is responsive, helpful, and attentive to their needs (Pooser & Browne, 2018). Organizations should therefore offer customer service training and ensure that their customer service staff are responsive, helpful, and attentive to customer needs.

2.2 Empirical Review

Oksuz (2021) averred that positive word-of-mouth plays a crucial role in luring new customers. When existing customers defect and share their negative experiences, it becomes more challenging for the company to attract new customers. Prospective customers are likely to research and gather information about a company before making a purchase decision. If they come across negative feedback or a negative perception associated with the organization due to customer defection, it can create a barrier to acquiring new customers. Customer defection can also harm the company's reputation in the long term. A negative reputation leads to decreased credibility, eroded trust, and an overall perception that the company does not value its customers. Over time, this damaged reputation can have a cascading effect, making it increasingly difficult for the organization to regain trust and attract new customers.

Amegavie et al. (2019) averred that switching behavior which refers to customers' propensity to switch to a competitor's product or service can be particularly detrimental to organizations, as it can result in the loss of customers and revenue. One of the most significant impacts of switching behavior is the loss of revenue. When customers defect to a competitor, the revenue generated by those customers is lost to the organization (Achieng, 2021). The organization's financial success may be directly impacted by customers defecting to the business of the competitors, as revenue is a key driver of profitability. In addition, the cost of acquiring new customers to replace those lost due to switching behavior can be substantial, further impacting the organization's financial performance. Switching behavior can also impact an organization's market share. If a large number of customers defect to a competitor, the organization may lose its position as a market leader (Oksuz, 2021). The organization's reputation can be negatively impacted by this, as it may be perceived as less competitive or innovative than its competitors by customers and other stakeholders, creating a ripple effect. Organizations should monitor switching behavior and take steps to prevent it by providing superior products and services, building strong relationships with customers, and offering incentives for customers to remain loyal.

Achieng (2021) further argues that switching behavior can negatively affect the loyalty of customers. When clients switch to a competitor, they are less likely to continue to do business

with the original organization in the future. This can reduce the lifetime value of the customer, which is the total amount of revenue that a customer generates throughout their relationship with the organization (Gitahi & Misango, 2020). In addition, customer defection can lead to negative word-of-mouth, which can create a negative impact on the organization's image, making it harder for them to attract new customers in the future, and further harming its reputation.

Pooser and Browne (2018) also posited that loyal customers who become dissatisfied or disappointed with a company's products, services, or overall experience share their negative interactions with others. This unfavorable word-of-mouth spread rapidly through social media, online reviews, or personal interactions, reaching a larger audience than just the individual customer. Potential customers may be deterred from engaging with the company if they encounter numerous negative reviews or hear negative feedback from trusted sources. Customer defection creates a perception that the company is unable to satisfy its customers or meet their expectations (Achieng, 2021). This negative image can be detrimental to the organization's reputation and brand equity. As potential customers assess their options, a company with a tarnished reputation struggles to attract new customers who prefer to choose competitors with better track records of customer satisfaction and loyalty.

3.0 Methodology

A descriptive survey design was employed to depict the true representation of customers' satisfaction levels and their effect on the organizational performance of lodges within the wildlife conservancy. The target population for this study comprised all the staff at the lodges (Lewa Wilderness, Lewa House, and Elewana Lewa Safari Camp) in the Conservancy. Since the size of the population (121) was small, the study conducted a census. The study also targeted the customers visiting the three lodges in the Conservancy. A method of selecting a sample that was representative of customers, known as simple random sampling, was utilized to select 186 participants. Structured questionnaires were the primary tool for collecting primary data in this research and were personally delivered to the respondents. The quantitative data collected underwent processing and inputting into Statistical Packages for Social Scientists (SPSS) software, which was then analyzed using various descriptive statistical methods. The analysis of the data involved utilizing various methods such as calculating absolute and relative percentages, frequencies, and measures of central tendency and dispersion, such as mean and standard deviation.

4.0 Results

4.1 Response Rate

The study sampled 121 staff members and 186 customers to participate in the study. From the 121 staff members sampled 110 staff members filled and returned the questionnaires representing a response rate of 91% which is excellent according to Mugenda and Mugenda (2003). Additionally, 150 of the 186 customers sampled were able to participate in the study representing a response rate of 80%. The response rate was presented in Table 1.

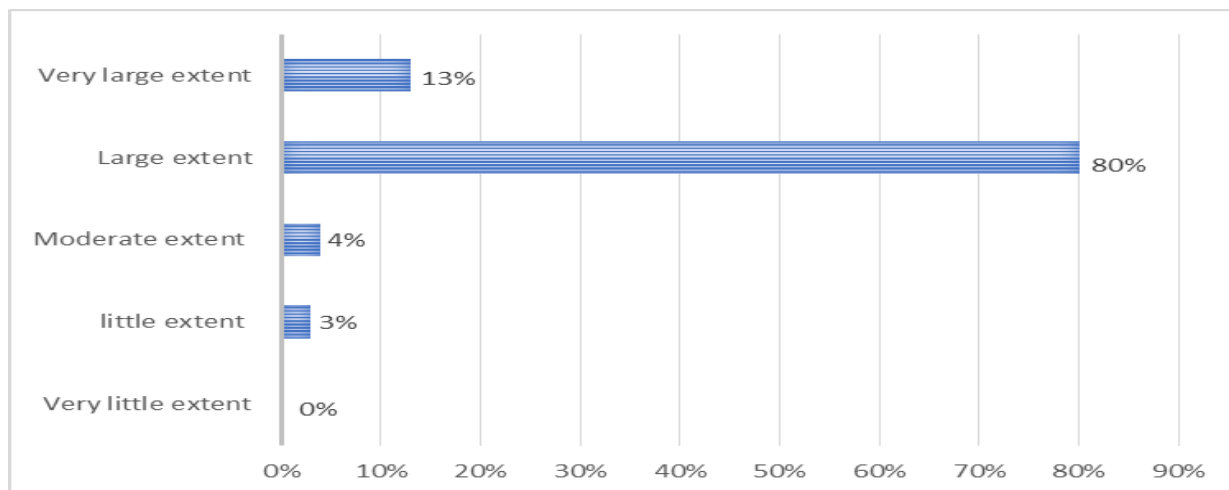
Table 1: Response Rate

| Category | Staff | | Customers | |
|-------------------------|------------|------------|------------|------------|
| | Frequency | Percent | Frequency | Percent |
| Filled questionnaires | 110 | 91 | 150 | 80 |
| Unfilled questionnaires | 11 | 9 | 36 | 20 |
| Total | 121 | 100 | 186 | 100 |

4.2 Descriptive Statistics of Organization Performance

The researcher inquired on the extent to which the performance of the lodges had been affected by customer behavior levels as shown in Figure 1.

Figure 1: Extent of Customer Behavior on Organizational Performance



As delineated in Figure 1, a majority (80%) of the respondents stated that the performance of the lodges had been affected to a large extent by customer satisfaction levels, 13% to a very large extent, 4% to a moderate extent, and 3% to a little extent. This shows that customer behavior as a result of satisfaction had a great effect on the performance of the lodges.

4.3 Descriptive Statistics of Customer Behavior

Table 2, presents results on the respondents' agreement level to the statements that related to customer behavior in the lodges.

Table 2: Descriptive Statistics of Customer Loyalty

| Statements | Mean | Standard Dev |
|---|------|--------------|
| The number of complaints that our lodge receives is an indicator of the overall satisfaction of the customers | 4.11 | 0.732 |
| Our lodge proactively seeks feedback from customers to address any issues before they result in complaints | 4.48 | 0.421 |
| Our lodge experiences very low rates of churn indicating customer satisfaction | 4.53 | 0.433 |
| Switching behavior is rarely witnessed in our lodge which leads to improved revenues | 4.27 | 0.632 |
| Customer defection can lead to negative word-of-mouth, thus damaging the organization's reputation | 4.38 | 0.607 |
| Our lodge monitors switching behavior and prevents it by providing superior products and services | 4.45 | 0.526 |

As shown by Table 2 on the average scores of 4.53 and 4.48 respectively, a majority of the respondents concurred that the lodges experienced very low rates of churn indicating customer satisfaction. This concurred with Ndubisi and Natarajan (2018) who postulated that customer churn, or the frequency with which clients leave doing business with an organization, is an important indicator of organizational performance. The respondents also agreed that lodges proactively sought feedback from customers to address any issues before they resulted in

complaints. This was in line with the recommendation by Choi, et al., (2019) that organizations should proactively seek feedback from customers to identify and address any issues before they result in complaints. Additionally, the respondents agreed that the lodges monitored switching behavior and prevented it by providing superior products and services and that customer defection could lead to negative word-of-mouth, thus damaging the organizations' reputation as shown by the average scores of 4.45 and 4.38 respectively. This was consistent with the findings by Oksuz (2021) that an organization's reputation can be negatively impacted by customers' switching behavior, as it may be perceived as less competitive or innovative than its competitors by customers and other stakeholders, creating a ripple effect. The respondents also agreed that switching behavior was rarely witnessed in the lodges which led to improved revenues and that the number of complaints that the lodges received were an indicator of the overall satisfaction of the customers as shown by the average scores of 4.27 and 4.11 respectively.

4.4 Coefficient of Correlation

The study tested the hypothesis using the Pearson Correlation coefficient as described in Table 3.

Table 3: Coefficient of Correlation

| | | | Customer behavior | Organizational performance |
|----------------------------|---------------------|--|--------------------------|-----------------------------------|
| Customer behavior | Pearson Correlation | | 1 | .615** |
| | Sig. (2-tailed) | | | .000 |
| | N | | 260 | 260 |
| | | | | |
| Organizational performance | Pearson Correlation | | .615** | 1 |
| | Sig. (2-tailed) | | .000 | |
| | N | | 260 | 260 |
| | | | | |

According to Table 3, there was a positive correlation was observed between organizational performance and customer behavior, with a correlation coefficient of 0.615. Thus, the research hypothesis H0₂, which suggests that customer behavior has no significant effect on organizational performance, was rejected. Therefore, it is an indication that the lodges monitored switching behavior and prevented it by providing superior products and services and that customer defection could lead to negative word-of-mouth, thus damaging the organization's reputation. Additionally, the study revealed that switching behavior was rarely witnessed in the lodges which led to improved revenues, and that the number of complaints that the lodges received were an indicator of the overall satisfaction of the customers.

4.5 Regression Coefficients

The study's regression model was $Y = C + \beta_1 X_1$ where: Y was organization performance; β_i was coefficients to be estimated; C was Constant; X₁ was customer behavior. The study analyzed the regression coefficient to test the model as described in Table 4.

Table 4: Regression Coefficient

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-------------------|-----------------------------|------------|---------------------------|-------|-------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.316 | 1.334 | | 1.619 | 0.349 |
| | Customer Behavior | 0.654 | 0.156 | 0.210 | 3.532 | .0269 |

According to Table 4, $Y = 1.316C + 0.654X_1$ which revealed that for every unit increase in customer behavior, there was a corresponding increase of 0.654 in organizational performance. Therefore, customer behavior was an indicator of customer satisfaction, and it greatly affected the organizational performance of the lodges. The study found that the lodges experienced very low rates of churn indicating customer satisfaction and that lodges proactively sought feedback from customers to address any issues before they resulted in complaints

5.0 Summary

The majority (80%) of the respondents stated that the performance of the lodges had been affected to a large extent by customer satisfaction levels, 13% to a very large extent, 4% to a moderate extent, and 3% to a little extent. This shows that customer behavior as a result of satisfaction had a great effect on the performance of the lodges. As shown by Table 2 on the average scores of 4.53 and 4.48 respectively, a majority of the respondents conquered that the lodges experienced very low rates of churn indicating customer satisfaction.

Additionally, the respondents agreed that the lodges monitored switching behavior and prevented it by providing superior products and services and that customer defection could lead to negative word-of-mouth, thus damaging the organizations' reputation as shown by the average scores of 4.45 and 4.38 respectively. Further, there was a positive correlation was observed between organizational performance and customer behavior, with a correlation coefficient of 0.615. Notably, the regression coefficient results revealed that for every unit increase in customer behavior, there is a corresponding increase of 0.654 in organizational performance.

6.0 Conclusion

The study also concluded that customer behavior, such as the frequency and volume of purchases, directly impacted the lodges' revenue. Customers who made frequent and large service purchases contributed to higher sales and increased profitability. Analyzing customer behavior allowed the lodges to segment their customer base effectively. Categorization customers based on their preferences, purchasing patterns, demographics, and other relevant factors, organizations helped tailor their marketing strategies and product offerings to specific customer segments, maximizing customer satisfaction.

7.0 Recommendations and Contributions of the Study

The study recommends that the lodges should also tailor services and experiences to individual guests. They should gather information about guests' preferences and interests before their arrival, and use that information to personalize their stay. This can include personalized greetings, room amenities, dining options, and activities that align with guests' interests, creating a memorable and unique experience.

References

- Achieng, S. (2021). *Customer retention strategies and hotel performance in classified hotels In Mombasa County, Kenya*. [Master's Thesis, Kenyatta University]. Kenya. <https://ir-library.ku.ac.ke/bitstream/handle/123456789/23287/Customer%20Retention%20Strategies%20.....pdf?sequence=1&isAllowed=y>
- Atkinson, J.W. (1964). *An introduction to motivation*. Van Nostrand.
- Amegavie, L., Mensah, D., & Kwame, A. (2019). Consumer relationship management and its effect on organizational performance within the telecommunication industry of Ghana. *EJBMR, European Journal of Business and Management Research*, 4(6), 1-10. <https://doi.org/10.24018/ejbmr.2019.4.6.166>
- Bandara, W., & Dahanayake, S. (2020). An empirical study on food and beverage service quality and customer satisfaction in star-graded hotels in Dambulla. *International Journal of Engineering and Management Research*, 10(6), 1-8. <https://doi.org/10.31033/ijemr.10.6.1>.
- Choi, L., Lawry, C. A., & Kim, M. (2019). Contextualizing customer organizational citizenship behaviors: The changing nature of value cocreation and customer satisfaction across service settings. *Psychology & Marketing*, 36(5), 455-472. 9 <https://doi.org/10.1002/mar.21190>
- Mugenda, O.M., & Mugenda, A. G. (2003). *Research Methods: Qualitative and Quantitative Approaches*. Acts Press
- Oksuz, M. (2021). The effect of customer empowering behaviours on service performance in the hospitality industry. *International Journal of Contemporary Economics and Administrative Sciences*, 11(1), 193-215. <https://doi.org/10.5281/zenodo.5136861>
- Pires, V., & Trez, G. (2018). Corporate reputation: A discussion on construct definition and measurement and its relation to performance. *Emerald Journals*, 25(1), 47-64. <https://doi.org/10.1108/REGE-11-2017-005>.
- Pooser, D. M., & Browne, M. J. (2018). The effects of customer satisfaction on company profitability: evidence from the property and casualty insurance industry. *Risk Management and Insurance Review*, 21(2), 289-308. <https://doi.org/10.1111/rmir.12105>
- Savolainen, R. (2021). Expectancy-value beliefs and information need as motivators for task-based information seeking. *Journal of Documentation*, 68(4), 492-511. <https://doi.org/10.1108/00220411211239075>