

## **Determinants of Consumer Purchase Decisions in Zero Rated Hotels in Eldoret Town, Kenya**

**Jacqueline Korir**

School of Tourism, Hospitality and Events Management  
Moi University  
P.O. Box 3900-30100, Eldoret-Kenya

**Kimeli Korir**

School of Tourism, Hospitality and Events Management  
Moi University  
P.O Box 6021 Eldoret 30100 Kenya

**Joseph Musyoki**

School of Tourism, Hospitality and Events Management  
Moi University  
P.O. Box 3900-30100, Eldoret-Kenya

**Barno William**

School of Tourism, Hospitality and Events Management  
Moi University  
P.o Box 7067 Eldoret 30100 Kenya

### **Abstract**

*This paper determined the factors that influence consumer purchase decisions in zero rated hotels in Eldoret town. The objectives were to find out how tangible and intangible aspects of products influence consumers purchase decision. Descriptive survey research design was used. Data was collected through administration of questionnaires to a sample of 176 customers. The data collected was analyzed using statistical package for social sciences (SPSS) version 17.0 and the results were presented using pie charts, frequency tables and bar graphs. The findings may be used as a guide by different establishments and organizations that may be facing similar challenges in meeting the diverse needs and wants of different customers which may help them to understand their customers' better and hence satisfy their needs and wants thereof.*

**Keywords:** Consumer, Purchase decisions, intangible aspects, tangible aspects, zero-rated hotels

### **1. Introduction**

Consumers have been changing on the way they purchase, use and dispose different products and services. Marketers had long noted that consumer market was vast and constantly expanding. Billions of dollars are spent on goods and services by establishments due to consumer preferences that change and become more diversified. By this way, it has created immense challenges for organizations to understand what customers really need in order to satisfy them. Customers appear often to indulge in rationalizations of the past decision to buy some products. They may tend to feel the need for reasons of self prestige and also, buyers frequently search for acceptable motivation which would enable them to demonstrate [Brunsik 1985]. Many current organizations are faced with difficulties in retaining the current consumers and satisfying their diverse needs. Organizations of all types consume products, services, industrial and technical supplies, banking and professional service and should therefore develop their marketing skills since they all use their scarce finite resources which should be organized efficiently in order to provide their customers with acceptable products and services [Chisnal 1995]. However, fast improved modern technology has brought competitors near to each other and access to market.

Technologies are now widely dispersed over many countries thus, to survive against the world's competitiveness, establishments must become more aware of needs of different consumers and closely their trading objectives and relate their resources to the delivery needs of their market [Loudon and Bitta 1993]. There are several factors that influence consumers while making their purchase decisions. Some of these are cultural factors that comprise culture, subculture and social class. Culture can be defined as that complex whole that includes, knowledge, beliefs, heart, morals and any other capabilities and habits acquired by man as a member of society. Culture is a societies' personality and the sum total of learned beliefs, values and customs that serve to direct the consumer behavior of members of a particular society. Every group or society has a culture which influences their buying behavior hence marketers should try to spot cultural shifts in order to discover new products that might be wanted for instance the cultural shift towards greater concern about health and fitness has created a huge industry for health and fitness services such as gyms, saunas and health restaurants.

Marketing researchers have used a wide variety of attribute descriptors to obtain measures of consumers' perceptions and preferences. A comprehensive summary of eleven different attribute typologies is presented by Finn (1985). What is common to all these different approaches is that there is a distinction between the concrete, physical, objective, or tangible attributes of a product and the abstract, beneficial, subjective, or intangible attributes of a product. For example, a car can be described as large, red and luxurious. Large and red are fundamentally tangible attributes as they describe physical properties of the car, while luxurious is primarily an intangible attribute as it describes beneficial and imagery aspects of the car (Myers and Shocker 1981).

Consumers make purchase decisions based on various factors such as psychological, cultural, personal, tangible and intangible aspects of products and services and stimuli variables which many establishments do not really understand. This makes establishments experience some difficulties in retaining customers because they do not understand the consumer's needs and expectations. Consequently, the establishments end up not satisfying their customers who require diverse products and services because they do not understand what factors influence customers to consume various products and services. Purchasing decisions are also difficult for some of the customers because they may find it hard to make purchase decisions, where to purchase, and also what influences them to purchase various products and services. When hotel managers do not understand their consumer behavior, expanding and retaining a large market share becomes difficult to achieve as customer satisfaction becomes elusive and attracting customers to these hotels can be difficult. The zero rated hotels in Eldoret town could be faced by this phenomenon as a problem and there is need for the management of these establishments to find out why this happens in order to retain their customers and deliver the required products that fully satisfy the customers. The research questions that guided this study were as follows:

1. To find out how tangible aspects of products influence consumer purchase decisions in zero rated hotels
2. To find out how intangible aspects of products influence consumer purchase decisions in zero rated hotels

## **2. Literature Review**

Consumer behavior can be defined as the study of individuals, groups or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Hawkins, Best, and Coney, 2001). Other definitions emphasize the mental, emotional, and physical processes and stress needs and wants, as well as the influence of perceived risk (Arens 1999). Analyzing consumer behaviour is perceived as cornerstone of a successful marketing strategy. Consumer behaviour is 'the mental and emotional processes and the observable behaviour of consumers during searching purchasing and post consumption of a product and service (Batra & Kazmi, 2004). Similarly Engel et al. (1990) refers consumer behaviour as the action and decision process of people who purchase goods and services for personal consumption. Consumer purchase decision is the process involved when individuals or groups select, purchase, use or dispose products, services or experience and ideas to satisfy their needs (Solomon et al. 1996).

The field of consumer behavior is enormous, and highlights the importance of the customer at the centre of the marketer's universe. Each consumer is unique with different needs and wants and buying choices and habits influenced by habit, and choice that are in turn tempered by psychological and social drivers that affect purchase decision processes (Brassington and Pettit 2000).

Fox (1993) notes that a purely behavioral approach, which relies on observed results as a means to infer the end result of human information processing should be supplemented by an evolutionary explanation. He suggests that evolution is a causal mechanism which accounts for selection or a decision by consequence. The experience of results of prior and similar behavior (operant conditioning), environmental influences, and cultural changes should thus be considered in order to explain and predict changes in consumer behavior.

Solomon et al., 1996 state that consumer rationality is mediated by dynamics such as personal paradigms and perceptual distortion, risk tolerance, and power relations which in turn are subject to cultural and intellectual prejudices such as gender, age, and ethnicity. This contributes to the notion of marketing as a normative discipline with elements of art rather than science in its practice. Arguably as research "explains" the complexity of the dynamics of consumer behavior, it will expand the definition of what constitutes a rational consumer. This behavioral component allows marketers to identify prospective customers' needs and wants, and influence the exchange, perception, and satisfaction dynamics of the purchasing.

Personality characteristics impact consumer behavior because they shape the way in which consumers respond to messages at a given time. This response changes minute by minute based upon the unique characteristics of the target consumer and their ongoing life experience. The online environment presents a vast opportunity for companies to interact with consumers on a personal, customized level. Individual differences are an important aspect of this interaction as they provide insight into how people with varying levels of experience with the online environment respond to interactive persuasion techniques. Friestad and Wright (1994) posit that the effectiveness of advertising persuasion techniques depend upon the level of persuasion expertise each individual possesses. In an online environment, measurement of this effect can be achieved by looking at user experience levels, self-efficacy, and number of hours spent online. General knowledge dictates that consumers with more experience in the online environment was better at coping with persuasion techniques therein, such as open, visually rhetorical advertisements.

## **2.1 Conceptual Framework for the study**

The purchase decision is the dependent variable whereas intangible and tangible products are the independent variables that influence the consumer purchase decisions. The intervening variable is the process of decision making that consumer passes through before arriving at a purchase decision as illustrated in figure 1.

## **3. Methodology**

The study was carried out in Eldoret town in Kenya. The plan structure and the strategy of investigations conceived to provide answers to this study was through the use of descriptive survey design. The target population for this study was 380 customers from three zero rated hotels within the central business district of Eldoret town. The sample size for this study was 190 customers but only 176 were filled. The sampling technique used in this study was non probability sampling to select a reasonable number of cases that that represent a target population Purposive and judgmental sampling techniques were used. Purposive sampling was used to select the three zero rated hotels whereas judgmental sampling in which sample members conform to some criteria was used to select the specific respondents. Data was analyzed using the statistical package for social sciences (SPSS). Descriptive statistics was used to analyze and describe data which was presented using line graphs, pie charts, percentages and frequency tables.

## **4. Data Analysis and Results**

### **4.1 Sample Description**

From the results, a majority of the respondents were male representing 71.9% of the total respondents whereas 28.1% were female. Majority of 49.1% were students, 22.8% were self employed, 21.8% were employed while a small percent of 7% indicated that they were unemployed. With regards to marital status, majority of 56.14% were single while 43.86% were married. 45.6% of the respondents visit the hotel weekly, 23.6% visit the hotel monthly, 22.81% visit daily while 7.89% visit the hotel annually. This could imply that majority of the customers are residents of Eldoret town. The age bracket of majority of the respondents who visit the hotel was 18-25 years, while the minority indicated that they were within the age bracket of 46 and above. This shows that teenagers could form the highest number of customers as they can afford to purchase products and services with attractive prices.

From the results of the study, 34.2% customers purchase breakfast sometimes, 22.8% rarely purchases breakfast, 23.7% of the respondents never purchase breakfast, 13.1% very often purchase and 6.1% represented the number of customers who often purchase breakfast. The fact that minority of respondents purchase breakfast could be another indicator that majority of the customers are residents hence take breakfast at their homes. The highest percentage representing 30.7% of the respondent felt that they never purchase 10”ocloak tea, 28.1% felt that they rarely purchase 10”ocloack tea, 20.3% sometimes purchase 10”ocloack tea, 15.8% often purchase and 15.3% representing the smallest percentage very often purchase 10ocloack tea.

A high percentage of 36.8% sometimes purchase lunch from these hotels, 28.9% often purchase lunch, 17.5% very often purchase lunch from these hotels, 10.5% rarely purchase and 6.1% representing the smallest percentage never purchases. The highest percentage representing 28.9% never purchase evening tea, 28.9% sometimes purchase evening tea, 20.2% rarely purchase, 17.5% often purchase meal while 4.4% very often purchase evening tea representing the smallest percentage. From the results a high percentage of 36% of the respondents felt that they never purchase dinner from the zero rated hotels, 31.6% rarely purchase dinner, 18.4% sometimes purchase, 9.6% often purchase dinner while 4.4% very often purchase dinner.

#### **4.2 Tangible aspects of products**

Majority of the respondents stated that there was often adequate quantity of food served in the hotel, but none of the respondent says that there were never adequate amount of food served. The highest percentage representing 49.1% felt that the hotel was always accessible, 24.6% felt that it was often accessible, and only 0.9% felt that it was never accessible. Most of the clients represented by 71% felt that there was an appealing sitting arrangement, 24.6% were neutral about the appealing of the sitting arrangement, 2.6% indicated that there was rarely appealing sitting arrangement while 1.8% felt that there was never appealing sitting arrangement.

Majority, 57.9% felt that zero rated establishments had an attractive menu design, 29.8% of the total respondents were neutral about the menu design, 27.2% indicated that they were often, 7.9% indicated that the menu design was never attractive, 4.4% indicated that the menu design was rarely attractive. The highest percentage of 41.2% of the respondent indicated that the price of food and accommodation was always affordable, 24.6% indicated that the price of food and accommodation was often affordable, 20.2% were neutral about the price, 7.9% indicated that the price of food and accommodation was rarely affordable, and 6.1% indicated that the prices were never *affordable*. Majority of the respondents of 42.1% felt that there was always good lighting, 30.7% felt that there was often good lighting, 21.1% were neutral about the lighting, 4.4% felt that there was rarely good lighting, and 1.8% of the respondents felt that there was never good lighting. Table 1 presents a summary of the responses on tangible aspects of products.

#### **4.3 Intangible aspects of products**

From the research, most of the respondents strongly agreed that there was good quality of food represented by 84.5% agreed that there was good quality of food offered, 13.2% of the respondents were neutral about the quality of food and only 2.6% of the respondent disagreed that there was good quality of food offered in the hotel. Majority of the respondents, 72.8% agreed that there was quick speed of service, 36.0% agreed to the same, 16.7% were neutral about the speed of service while 10.5% disagree that there was quick speed of service. From the results of the research, 78.9% agree that there was high level of cleanliness in the hotel, 13.2% were neutral about the level of cleanliness, 7.9% disagreed about the level of cleanliness in the establishments. There was majority of the respondents of 72.8% who agreed that there was quick responsive of employees, 8.4% were neutral about the responsiveness of employees, 8.7% disagreed that there was quick responsiveness of employees

Large percentage of 75.1% agreed that there was good hours of operations, 18.4% were neutral about the hours of operation and 6.2% disagreed. Majority of the respondents comprising of 57.9% of the total respondents agree that there was good choice of entertainment, 25.4% were neutral about the choice of entertainment, 11.4% disagree on the choice of entertainment, 5.3% of the respondents strongly agree on the choice of entertainment. Summary is shown on table 2.

## **5. Conclusion**

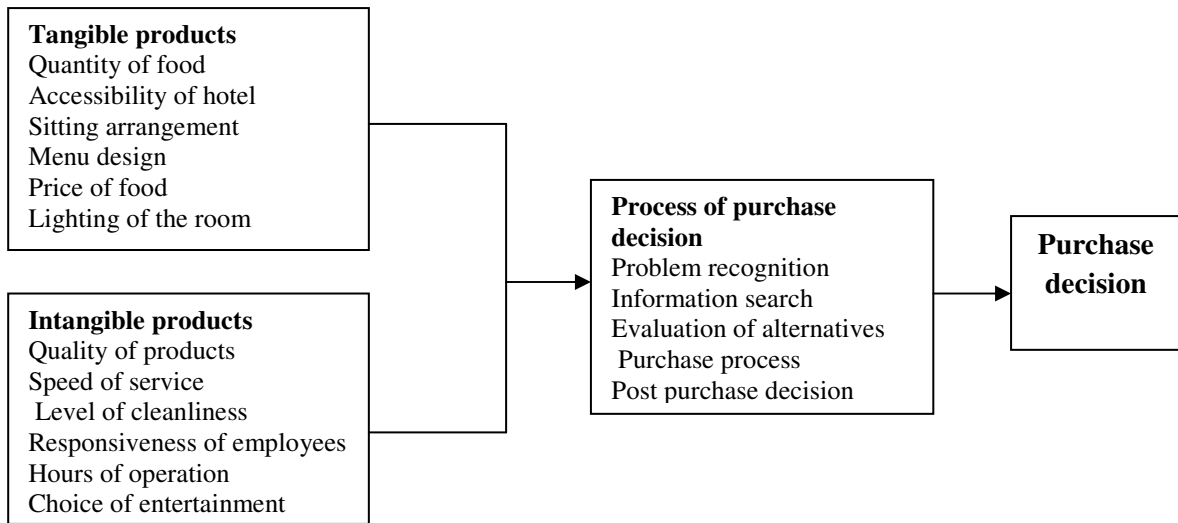
From the findings, it is evident that tangible aspects of products influence consumer purchase decisions with regard to the quantity of food offered and the accessibility of the hotels which could have been because the hotel was located within the customer's place of work therefore the friendly proximity. The sitting arrangement is appealing and always adequate, the menu design was attractive and displayed a variety of dishes provides customers with a wide choice, the price of food was affordable and evidence of good lighting which all influenced consumer purchase decisions. Therefore, management of zero-rated hotels should consider providing products and services that possess good attributes in terms of pricing, quantity, accessibility attractiveness and any other tangible in order to satisfy diverse needs and wants of customers.

Intangible aspects of products such as quality of food, level of cleanliness, responsiveness of employees and choice of entertainment had an influence on purchase decisions of the customers.

Therefore, hotels need to ensure that each intangible aspect of product and service meet the expectations of different customers. To sum up, hotels need to become proactive and carry out a research to know how different factors influence consumer purchase decisions.

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**Figure 1: Conceptual Framework for the study**

**Table 1: Tangible Aspects of products**

Tangible aspects	Always	Often	Neutral	Rarely	Never
Adequate quantity of food	35.1%	36.8%	22.8%	5.3%	0
Accessibility of hotel	49.1%	24.6%	17.5%	7.9%	0.9%
Appealing seating arrangement	34.2%	36.8%	24.6%	2.6%	1.8%
Attractive Menu design	30.7%	27.2%	29.8%	4.4%	7.9%
Affordable price	41.2%	24.6%	20.2%	7.9%	6.1%
Good lighting	42.1%	30.7%	21.1%	4.4%	1.8%

Source: Survey data

**Table 2: Intangible aspects of products**

Intangible aspects of products	Strongly agree	Agree	neutral	Disagree	Strongly disagree
Good quality of food	47.7%	36.8%	13.2%	2.6%	0%
Quick speed of service	36.8%	36.0%	16.7%	9.6%	0.9%
High level of cleanliness	42.1%	36.85	13.2%	6.1%	1.8%
Quick responsiveness of employees	35.1%	37.7%	18.2%	6.1%	2.6%
Good hours of operation	3.3%	42.1%	18.4%	5.3%	0.9%
Good choice of entertainment	27.2%	30.7%	25.4%	11.4%	5.3%

Source: Survey data