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AN ANALYSIS OF HOTEL RATING AND ITS IMPLICATION ON FINANCIAL TURNOVER OF RATED HOTELS IN KENYA

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ABSTRACT

Hotel service quality has long been a concern for scholars and practitioners. Previous researches indicate that the service quality of hotels in Kenya is yet to match international standards. It has been argued that one reason why hotels do not deliver quality service is due to the substantial gap of the living standards of Kenyans and international tourists and the lack of proper investment in the sector due to fluctuations in growth in the past. The purpose of the study was to examine the financial implications of rating of hotels. The study was conducted in tourism establishments in Nairobi and parts of Rift Valley and it focused on rated hotels in Kenya. The research design used sociological survey targeting 50 hotel establishments. The researcher relied on primary and secondary data for information from which an analysis was conducted and conclusions deduced. The primary data was collected through face-to-face interviews among tourists and hotel managers using a structured questionnaire.

The quantitative data from the questionnaires was analyzed using Statistical Package for the Social Sciences and Ms Excel. Findings from the study pointed out a strong relationship between hotel rating and hotel revenues. This was evidence that for hotels to increase earnings they also needed to improve their ratings. Further to this, rating of establishments eased the decision making of tourists since they would easily differentiate service level of hotels. Overall, it was evident that hotel rating was vital in the hotel business as it aided establishments effectively compete in the market place. Findings from the study will therefore offer an unobtrusive and economic way of examining hotel service quality. In addition, it will also help in understanding the quality service of the star rated hotels perceived by the domestic tourists and financial implication to hotel establishments.

KEYWORDS: Hotel Rating, Financial Turnover

INTRODUCTION

The Ministry of Tourism through the Department of Tourism implements government policies on tourism, develop and promote domestic tourism among other polices. In addition the ministry regulates hotels and restaurants, maintains standards in all tourist facilities and also does classification of hotels and restaurants. Classification is done by Hotels and Restaurants Authority (HRA) which is a semi-autonomous body under the department of tourism. According to the World Tourism Organization (WTO) and the International Hotel and Restaurant Association (IH&RA), hotel rating is the classification of accommodation establishments denoting a system, duly published, in which accommodation establishments of the same type (such as hotels, motels, and inns) have been conventionally broken down into classes, categories, or grades according to their common physical and service characteristics and established at government, industry or other private levels (WTO & IH&RA, 2004). The European Standardization Committee clarifies the term ‘‘accommodation rating or classification scheme’’ as ‘‘a system providing an assessment of the quality standards and provision of facility and/or service of tourist accommodation, typically within five categories, often indicated by one to five symbols’’ (WTO & IH&RA, 2004).

Initially, the distinction between hotel availability and quality is often blurred. Early hotels and inns were little more than an available bed and something barely palatable to eat. The emergence of tourism in the latter half of the 19th century brought with it an improvement of the standards of the early inns (Callan, 1989). Some pressure was placed on these facilities to offer some minimum standards where the consumer was able to identify a property with specific amenities. The rating system emerged out of efforts by the Automobile and cycling clubs in Europe, who in their tour books displayed hotels, which they recommended to their membership, based on the guaranteed facilities which these hotels/inns offered. This led to the establishment of rating systems such as the Automobile Association (AA) and its American counterpart the (American Automobile Association – AAA) and the Michellin tyre company’s – Michellin Red Guide and other mobile guides. After World War II, National Tourist Boards began to consider some form of hotel classification system. By 1970 only five European countries had national classification systems, by 1980 this number increased to 22 European countries and 60 countries worldwide. The criteria applied by the classification systems were, and still are not uniform. There were various meanings attached to registration, classification and grading.

STATEMENT OF THE PROBLEM

Scholars and business writers have for long recognized the need of the importance of hotel rating in affecting performance and earnings of hotels. Few studies have been undertaken on this topic locally, hence the need for the current study. This study attempted to examine the relationship between the hotel rating system, service quality improvement, financial and overall performance of hotels in Nakuru and Nairobi, Kenya. It sought to unravel the impact of hotel rating on service and performance changes. In Kenya currently there was no empirical evidence that showed the “Financial Implications of Hotel Rating”. It is against this background that the current study was undertaken. This study was targeted to benefit players in the hotel industry who would wish to grow their businesses. The study would also educate government officials in the tourism sector on the role of the hotel rating in attracting tourists.

OBJECTIVES OF THE STUDY

The main objective of this study was to examine the financial implications of rating of hotels. The study was guided by the following specific objectives:

- To examine the relationship between revenue (gross/net) and hotel rating.
- To examine the relationship between service quality and hotel rating status.
- To compare hotel charges and different hotel rating status.

REVIEW OF LITERATURE

Hotel rating systems offer benefits to various sectors such as travel agencies, tour operators, hotels, governments, and consumers (WTO & IH&RA, 2004). The systems facilitate travel agents’ selection of hotels for their customers. Major tour operators based in Britain and the United States of America, such as First Choice, Thomson Holidays, Air Tours and Thomas Cook, have their own hotel classification systems to assist product packaging and marketing. Hotel companies use classification schemes as ‘‘branding’’ (WTO & IH&RA, 2004), which conveys both qualitative and quantitative grading of properties to their customers. The rating system provides consumers with an easy way to compare hotels. Governments use hotel ratings or classification systems to regulate the hotel industry with tariffs and taxes, and to meet basic requirements of safety and hygiene. Callan (1993) found out that, when choosing hotels, customers staying at three to five star (or other equivalent symbols) hotels use rating systems more often than do those staying at one and two star hotels. A hotel rating system embraces two parts: a basic registration standard and a grading standard (Callan, 1993). The basic registration standard is the physical requirement (amenities and facilities) that a hotel property must meet; it is the minimum quality requirement. The grading standard is an extension of basic requirements of qualitative and intangible services (room service, concierge, security, among others), allowing a hotel to be compared with other properties. To communicate the quality level a hotel achieves, a variety of grading symbols is used, such as stars, crowns, diamonds, suns, or letters. The symbol most universally recognized is stars, as most countries have at least one rating system using stars to represent quality grades (Callan, 1993; WTO & IH&RA, 2004).

The 100-plus hotel rating systems worldwide can be categorized into two groups: official and non-official (Qing & Liu, 1993). Official hotel rating systems are established and conducted by government agencies and followed on a compulsory and regulatory basis. Official systems apply to all hotels, while non-official hotel rating systems are developed and implemented by private organizations, such as hotel or tourism associations and national or regional automobile associations on a voluntary participation basis by hotels. The purpose of official systems is mainly to control lodging tariff and taxes, whereas non-official systems impose no social obligations (WTO & IH&RA, 2004). Callan (1994) specified that some hotels tend to oppose the compulsory grading scheme due to concerns over bureaucratic interference, with customers expecting guaranteed service quality out of these official systems. China is one of the countries with an official hotel rating system, while some countries like the U.S. and Britain have only non-official rating systems.

In the United States of America, for example the three most popular hotel rating systems are AAA (diamond rating), Mobil (star rating), and Utell’s (Official Hotel Guide-OHG). On the other hand, in Britain there are a number of hotel classification schemes offered by private organizations and regional tourist boards. For example, the English Tourist Board (ETB) awards crowns to hotels in England, whereas the AA and the Royal Automobile Club (RAC) rate tourist accommodations by star systems with different criteria and judgments (Conway, 2004). In 2004, the WTO and the IH&RA carried out an international study to survey hotel classification schemes in both public sectors, such as the National Tourism Organizations (NTOs), and private sectors, such as the National Hotel Association. The study revealed the complexity of hotel rating systems by reviewing their evaluation criteria and administration in different countries. To reduce the complexity of numerous hotel rating systems in existence, the WTO and the IH&RA have been developing a universal hotel grading scheme that can be used in countries throughout the world to benefit both customers and tourism service providers. A joint promotional campaign among AA, RAC, and ETB was also undertaken to develop a harmonized hotel classification scheme (Conway, 2004).

Although technology makes products similar, it is service quality that differentiates them in a very competitive market place (Denburg & Kleiner, 1993). The importance of service quality is well recognized in the hospitality industry, since hotels cannot survive intense competition without satisfying their customers with quality service. Garvin (1988) defined perceived quality as the subjective perception of quality through indirect measures of quality comparison. Gronroos (1993) stated that service quality was developed based on the confirmation/disconfirmation concept in the perceived service quality model introduced in 1982. The notion of the model explains that perceived service quality is the result of comparing a consumer's real experience with his/her expectation of the service. To achieve high service quality, an establishment needs to understand its customers' expectations. Service improvement programs can be developed, which include issues of customer segmentation, service culture, communication to customers, recruitment and training of service personnel, empowerment of employees, and appraisal systems. The essentials of service quality are rationalized as enhancement in customer loyalty, increase in market share, higher returns to investors, reduction in costs, lowering vulnerability to price competition, and establishment of a competitive edge (Haksever *et al,* 2000; Knutson, 1988; Wuest, 2001). Based on the theory of perceived service quality, Parasuraman *et al,* (1991) proposed their ‘‘conceptual gap’’ model of service quality and explained that perception of service quality is a comparison of consumers' expectations with actual service performance and quality evaluation involves evaluation of both process and outcome of service delivery.

In their succeeding studies, SERVQUAL, a scale for measuring consumer perceptions of service quality, was proposed. The 7-point Likert scale, which is regarded as a generic service quality measurement tool for service industries (Lovelock, 2001), measures customer expectations and perceptions with 22 items in five dimensions: reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman *et al*., 1991). A number of studies applied or modified the SERVQUAL instrument to measure service quality in the hospitality industry. LODGSERV (Lodge Service), a modified instrument of SERVQUAL, was developed to measure hotel guests' expectations and experience of service quality (Knutson *et al*., 1991). HOLSERV - a grading scale created for measurement and assessment of the hotels service an extension of the SERVQUAL scale, was introduced to the hospitality industry in 1999 (Mei *et al*., 1999). Ekinci and Riley (1999) proposed the application of the Q-sort technique in the context of hotel service quality evaluation to validate the dimensions of the established models of service quality. Using the same approach of SERVQUAL, the Lodging Quality Index (LQI) was developed to measure customers' perception of service performance (Getty & Getty, 2003).

Competitive marketing demands local and international hotels to seek standards and tools to reflect their service quality. One of the answers to this need is a reliable hotel rating system, which ranks, certifies, and reflects the quality of hotels' facilities and service. Hotel rating systems are vital to hotel marketing. A survey conducted by Callan (1989) found out that hotel operators valued the classification awards and grading as promotional assets, and that the classification schemes provided significant amount of business to the hotels. According to Collins Concise Dictionary (1998), rating is defined as “a classification according to order or grade and as ranking”. Consequently, hotel rating can be described as a classification of hotels according to grade and rank. Often, there is confusion regarding the terminology used in hotel rating. Callan (1989) attempted to identify the differences between classification and grading. Classification involved assessing the tangible elements of the service mix and qualitative grading was concerned with the intangible elements. Globally there are many diverse hotel ratings systems as are the regional tourism blocks in existence (Moyer, 1989).

The more common classification systems include 'star' rating, letter grading, from 'A' to 'F', diamond or simply a 'satisfactory' or 'unsatisfactory' footnote to accommodation such as hostels and motels. Systems using terms such as Deluxe/ Luxury, First Class/ Superior, Tourist Class/ Standard, and Budget Class/ Economy are more widely accepted as hotel types, rather than hotel standards. The star classification system is a common one for rating hotels. Higher star ratings indicate more luxury. Food services, entertainment, view, room variations such as size and additional amenities, spas and fitness centers, ease of access and location may be considered in establishing a standard. In 2000 the Committee on the development of Tourism and Wildlife within East African Community constituted the East African Panel of Experts which would help the sectoral committee in the establishment of a common code of conduct for private tour and travel operators, standardize hotel classification and harmonize the professional standards of agents in the tourism and travel industry within the community (EAC, 2009). The EAC Standards criteria would act as a tool that would facilitate the offering of products and services that would consistently meet the expectations of tourists patronizing the region (EAC, 2009).

The Kenyan classification criteria consider the following essential items before classifying tourist facilities: occupational permit, valid operating licence, drainage systems, room designations, fire safety, water supply, parking space, communication systems, electrical safety, first Aid. Classification in South Africa is conducted by South Africa Grading Council. Classification is done to offer consumer confidence and also acts as a marketing tool. South Africa also use star as a way of Grading Hotels.

Vallen and Vallen (2005) noted an approximately 20% increase in sales among top-rated hotels in the Mobile Guide and a 40% increase in business among small hotels rated in AAA after hotels were awarded with classifications. Therefore, hotel ratings functioning as a promotional tool might be associated with growth in hotel business measured by volume of sales and occupancy rate. Hotels also perceive ratings as a pricing tool. Israeli and Uriely (2000) examined the impact of star ratings and corporate affiliations on hotel room prices in Israel. It was found that price variations could be partially explained by star ratings and the star rating system was a significant predictor of hotels' decision in setting prices. Lollar's (1990) exploratory study further supported this conclusion. It was found that a hotel charged more once a higher level of classification was awarded and in some countries four or five star hotels could charge any price at their will. lThis research proposes that changes in hotel performance are associated with service quality improvement as a result of participating in the hotel rating system. Fernandez and Bedia (2004) examined whether a hotel rating system was a good indicator of its service quality and found that, based on values of expectations and perceptions and their differences, the ranking of the hotel groups did not correspond exactly to the ranking of stars. They also found that customers from highly rated hotels had negative differences between perceptions and expectations indicating a demanding clientele.

An exploration by Narangajavana *et al.* (2008) concluded that the underlying constructs of hotel service quality improvement had four dimensions: service delivery, hotel employees, facilities and surroundings, and prestige. It was revealed during a study on hotel industry survey in Thailand that there was a significant relationship between improvement in service quality and changes in hotel performance. In the first relationship, hotels' performance change in sales corresponded with improvement in service delivery, facility and surroundings, and prestige. Average daily rate and occupancies, the two parameters in room revenue measurements, were not significant. This relationship examined the association between changes in non-room revenue and service quality improvement. They concluded from the study that hoteliers could increase non-room related revenue through improving service delivery with better service production and error-free delivery, upgrading guest facilities and surroundings, and enhancing hotels' prestige. In addition Narangajavana *et al*. (2008) noted that changes in sales, average daily rates, and occupancy were strongly related to improvement in employees' service competencies and hotels' facilities and their surroundings. This relationship examined changes in hotel performance with an emphasis on room revenue. It was concluded that hotel managers who intend to achieve higher room revenue needed to focus on improvement in their properties' tangible assets (facilities) and surroundings and intangible assets (employees' service competencies). Maintaining and upgrading guest facilities and surroundings was also important for generating both room and non-room related revenue. As employees were found strongly associated with room sales, hotel managers should recognize the importance of recruiting and retaining qualified employees and offering competency and skill training programs. Overall the hotel rating system is one of many instruments that the hotel industry use as a guideline to reach an expected level of service quality and to convey this message to the public.

RESEARCH METHODOLOGY

This study employed sociological survey to collect data on demographic characteristics and attitudes of respondents in the study. The survey was conducted was a face-to-face with an interviewer of a selected sample of respondents. Data collected in this survey included both demographic information and respondent's opinions. The population of interest in this study was 50 rated hotels in Nairobi and Southern Rift Valley, Kenya. This study used both primary and secondary data, which were of qualitative and quantitative nature. The study used both structured and unstructured questionnaires and interviews. Pretesting during data collection was done in selected hotels to ensure that questions which were vague were revealed, comments and suggestions made by respondents were considered and incorporated in the questionnaires and deficiencies were revealed. Data was analyzed using descriptive and inferential statistics. Specific analysis procedure entailed using MS Excel and the Statistical Package for the Social Sciences. Central tendency, cross tabulation, regression and correlation analysis were applied all aimed at testing the relationship between revenues and hotel rating status. These analysis techniques identified the significance of the relations, associations, and interactions with regard to the impact of hotel ratings on quality service delivery and the amount of revenues and profit generated thereof.

RESULTS AND DISCUSSIONS

The study was designed to target managers in different hotel establishments. The establishments that were selected in the study were adequately distributed in terms on number of years they have been operation. This was to provide response from a cross-section of players within the hotel industry. On the relationship between revenue per room and hotel rating, the mean score was calculated in order to understand the central tendency of the amount charged by hotels. As evidenced by Table 1, there is a direct correlation between rating of an establishment and charges per room. The direct result of this is that establishments with higher ratings are likely to have more revenues. On further analysis to uncover the strength of relationship between hotel rating and room charges, it emerged that there is a positive relationship between these two variables. Higher ratings of hotels led to increased room charges which translated to higher revenues for the establishment.

Table 1: Correlation between Hotel Rating and Room Charges

Pearson Correlation	1	0.484**
Sum of Squares and Cross-products	69.220	96,047.959
Covariance	1.413	2,000.999
N	50	49
**. Correlation is significant at the 0.01 level (2-tailed).		

It is therefore quite clear that ratings are used as pricing tools by establishment. Tourists are therefore willing to pay extra for higher ratings since they expect better services and amenities. This is further supported by Israel and Uriely (2000) who found out that the rating of establishment is a predictor of hotel pricing. Overall, the process entailed improvement of the services amenities. This is evidence that the process entails improving as well as standardizing amenities and service provision to meet international levels. This makes it easy for foreign tourists to differentiate establishments' services. Cleanliness of the establishment (32%), improvement of security (30%) and overall standard of the building (22%) emerged key points of focus during the rating process. Establishments wishing to undertake rating process in the future will therefore need to ensure they have adequate resources allocated in these three key areas. Setting up parking space, improving room standards as well as food served to customers – each at 14% - were also mentioned as some of the areas that were evaluated during the rating process. Similar to the setting up process, the preparation entailed improvement of the infrastructure of the establishment. This entailed advertising in the media 24% and improving the workforce of the establishment 22%. More importantly there was the element surprise as 26% of establishments were visited without notice. This discourages prior preparation for the rating process hence ensuring SERVQUAL of the establishments is always up to standard.

Table 2: Amenities Establishments Offer (%)

Response	1 Star	2 Stars	3 Stars	4 Stars	5 Stars	Total
Base	**10**	**13**	**14**	**10**	**3**	**50**
Bar & restaurant	80	69	86	90	67	80
Rooms/ conference rooms	30	31	43	60	33	40
Entertainment	30	46	43	20	33	36
Swimming pool	10	23	0	20	67	16
Gym	10	15	14	10	33	14
Spa/ sauna	0	8	14	10	33	10
(Wi-Fi) the Internet	0	8	21	10	0	10
Salon & barbershop	20	0	0	0	33	6
Casinos	0	0	0	20	33	6
Laundry	10	0	7	10	0	6
Safe custody of valuables/ security	0	0	7	20	0	6
Electrical key	0	0	7	10	0	4
Information center	0	0	0	10	0	0

The study further sought to check whether there is significant increase in the levels of quality of service with increase in hotel rating. From the findings it was observed that hotels with higher ratings had more as well as better amenities. For example establishments which had rating of 1-3 star had only a maximum of 8 amenities/facilities. These establishments also lacked high-end amenities such as Spas, Saunas and Casinos. On the other hand 4-5 star hotels had more than 9 amenities/facilities. High-end amenities were also included in their menu. In order to cater for the more discerning customers, establishments with higher ratings are likely to have wider offerings as opposed to those with lower ratings. Consumers also expect establishments with higher ratings to be more expensive and to have more amenities and facilities. The implication of this is that these hotels are required to increase their investments to widen their services and amenities. Majority (78%) of these establishments are constantly servicing their amenities in order to maintain these standards. Since the rating process does not end with first assessment but rather it seeks to provide an avenue where establishments can continue maintaining their current standards or even improve to the next level of rating. Establishments will therefore not rest on their laurels after the initial rating but will rather seek to continuously maintain and improve their rating. As observed earlier, rating is a process rather than a one-off exercise. It also entails surprise visitations by the rating agencies which therefore forces establishments to continuously maintain their service standards. 16% of the establishments also sought feedback from clients in order to ensure the service standards are up to par. 2% claimed that they made sure bills were paid on time in order to maintain their service standards. The study also sought to link earnings from establishments with financial implications arising of improved amenities and service offering. It was evident that continuous servicing carries with it financial implications to the hotels as evidenced by 98% of the respondents who believed it did. Establishments which intend to improve their rating and achieve higher room revenue focused on improvement in their properties' tangible assets. Further to this recruiting qualified personnel and maintaining and upgrading guest facilities and surroundings was also vital. This evidence that establishments are required to increase investments in order to maintain and improve their current rating. The study found out that establishments with higher ratings have more financial responsibilities in terms of amenities, facilities and staff. The implication of this is that they will incur higher costs to maintain their standards as compared to their counterparts with lower ratings.

Table 3: Challenges Facing Establishments

Challenges	Percentage
Competition from other hotels	50%
High cost of food/ fluctuation of food commodity	16%
Limited Space	12%
Insecurity	10%
Stubborn customers/ rude customers	8%
Fluctuation of foreign exchange	8%
Lack of customers	6%
Noise from the staff	6%
Language barrier	6%
Poaching of staff from other hotels	6%

It was evident that challenges hotels are facing are arising from the unpredictable macro-economic environment. Half of the hotels mentioned they were facing stiff competition from other establishments which means other players were continuously improving their service standards to attract new and retain existing customers. Others mentioned it was cost of food (16%), limited space (12%) and insecurity (10%) which made some of the establishments not to operate at full capacity. On the question of which areas might have been left-out during the discussion with respondents, it was clear that the discussion touched on key pain-points of establishments. Some however felt that people who conduct hotel should be well updated with the happenings in the industry (4%). Others also recounted the issue of stiff competition (4%) within the industry, tough economic conditions (2%) and insecurity (2%). Majority of the tourists interviewed (42%) were above 45 years, evidence that most tourists are in older age bracket. This is mainly attributed to the fact that most tourists have higher disposable incomes which has a positive correlation with older age bracket.

This further supported by a United Kingdom department of statistics which clearly indicates increased income in the population of United Kingdom among citizens aged above 40 years (United Kingdom, Department for Social Development, 2004). According Ministry of Tourism Inbound Tourism Study (2010) the gender split among tourists who arrived in Kenya during the same period was 50% male and 50% female. This acted as guide in our study and therefore had to split the gender equally in order to have a true representation of the tourism population. 64% of the tourists were married an indication that majority of the tourists have settled down. This is a result of them being in the older age bracket (above 45 years). The end result of this is that establishments should ensure their offerings match the needs of tourists who are mostly older and married.

On further analysis it was evident that married tourists spend more than their unmarried counterparts. This pointed to the fact that married tourists were more inclined towards spending more (booking hotels with higher ratings) than single counterparts. Establishments with higher ratings are therefore more likely to benefit from this phenomenon than lowly rated hotels. According to the findings, there was a sizeable number (24%) of Kenyan tourists, a shift from the past when tourists were mainly foreigners. A majority of them however are still from western countries with Britain (22%) and America (14%) leading the pack. There were also tourists from African countries such as Nigeria (2%), Ghana (2%), Uganda (4%), Ethiopia (2%), South Africa (2%), Sudan (2%) and Tanzania (2%). Asian countries also had a significant representation with China (2%), India (2%), Japan (2%) and Korean (4%) being mentioned. This is a pointer to the fact that emerging markets are increasing their footprint in the Kenyan tourism sector. Establishments in Kenya therefore have no option but to rate their hotels to ease the decision making of these key customers.

This will ensure they are able to gauge the service levels and facility availability. The question sought to understand the reasons behind tourists' visitation and business (42%) emerged as the main motivation of the visits. Not surprising leisure (40%) was second reason why they visited. Establishments should therefore ensure they have adequate business, conference facilities and leisure offerings to compete effectively in the marketplace. Studying (8%), medication (4%), church mission (4%) and children adoption (2%) were also mention as reason behind the visits. Even though charges were mentioned as a key driver for tourists, all the other factors (quality of service, amenities, hotel rating and security) which are a direct result of rating of an establishment are equally important. Those who mentioned charges are also cognizant of the importance of rating as a key variable in pricing of an establishment. Rating therefore provides an avenue for them to compare pricing (value for money) of different establishments.

From the findings, travel agents (36%) and word of mouth (28%) were the main source of awareness hotels tourists were using. Employers (10%), neighbours (4%) and close family (4%) were also mentioned as other sources of awareness. To take advantage of these powerful marketing channels hotels must ensure they provide world class service. In order to maintain this, conformity to an establishment's rating is crucial. Establishments which plan to grow their business as well as revenue therefore must rate hotels. More importantly is that the amenities and the service delivery must match the expectations of tourists. This will ensure establishments have repeat business from their current clientele. The rating system manages the expectation of tourists as indicated by 94% of respondents who felt that their expectations had been met. Similarly a sizeable number (92%) of the tourists also feel the amount paid was real value for money. This could be attributed to the fact that these establishments were rated and the amount paid by tourists was equivalent to services provided by the hotels. The study further sought to generate recommendations to establishments straight from tourists. Overall majority of the tourists (32%) were more than happy with services and amenities standards. A few however felt that there should be improvements in wellness facilities (8%), increasing number of staff (6%) and providing access to free internet (4%). There were also calls for improvement in customer services (4%), an area that establishments should always strife to improve on. Majority had very positive feedback. 33% and 22% mentioned that Kenya beautiful and has hospitable people respectively. 11% each, felt that Kenya has good weather, have great hotels with high standard of services. This a strong pointer to great potential of the hotel industry in Kenya as the tourists did not have any gross negatives to establishments

CONCLUSIONS

The study concluded that hotel ratings had strong relationship with the revenues of an establishment. It was also evident that tourists use recommendations from travel agents and word of mouth when selecting establishments – who base their recommendations on hotel rating. This was a strong indication that for hotels to increase earnings they also need to improve their ratings. It was also evident that there was significant increase in the levels of quality of service with increase in hotel rating. The downside to this was that there were higher costs of improving and maintaining these standards. This however is toned down by higher revenues.

It was also evident from the study that tourists factor in hotel charges and quality of services which are a direct result of hotel rating. Establishments will therefore be required to rate themselves in order to ensure their service quality matches the expectations of customers. In summary, hotel ratings act as guiding tool for both the establishment and the end users. From the findings it is evident that rating of establishments provides hotels with a strong foundation for marketing as well growing their revenue. Indeed, rating of an establishment is seen as a basic requirement for anyone in this business. It is therefore crucial for establishments to rate their hotel businesses if they wish effectively compete in the market place. Since this process is a continuous, managers in these establishments should also ensure service standards are always maintained. Main findings of this study are limited to Nakuru and Nairobi regions. The study did not cover establishments in Mombasa and Masai Mara Game Reserve which has a significant number of tourists and hotel establishments. This might have left out critical findings from this important tourist destination. Further studies should cover other tourist regions as it may bring out insights which would be crucial in the tourism industry.

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