



The Strategic
**JOURNAL of Business & Change
MANAGEMENT**

ISSN 2312-9492 (Online), ISSN 2414-8970 (Print)



www.strategicjournals.com

Volume 5, Issue 1, Article 9

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Kibengo, R. W., & Minyonga, J.

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Kibengo, R. W., ^{*1} & Minyonga, J. ²

^{*1} Masters Scholar, Jomo Kenyatta University of Agriculture and Technology [JKUAT], Mombasa, Kenya

² Jomo Kenyatta University of Agriculture and Technology [JKUAT], Mombasa, Kenya

Accepted: January 24, 2018

ABSTACT

The main objective of this study is to establish the determinants of All Inclusive package on the performance of the hotel industry. The research was guided by the following research questions; what is the effect of cost of package on organizational performance, what is the effect of package content on organizational performance, what is the effect of package timing on organizational performance, This research used descriptive research design. The target population of this study comprised of management staff working in the hotel. The study targeted the top, middle and lower level management staff who are directly dealing with the day to day management of the hotel. Sample of responding staff was drawn from top, middle and lower managers from the staff working in the hotel where stratified and simple random sampling technique was used. The study collected both primary and secondary data. Primary data was collected using a questionnaire while secondary data was obtained from annual reports obtained from the hotels, books and journal papers. The questionnaire designed in this study comprised of two sections; Personal information and the main issues of the study. Data collected was analyzed by descriptive analysis techniques using SPSS v 22. The study indicated that 46.2% of organization performance of hotels in North coast were attributed and determined by combination of the three independent factors investigated in this study ANOVA was established showing the significance of the study. The study model was statistically significant in predicting the determinants of all inclusive package on organizational performance of hotel industry in North cost. Where the Df was (56.690) at significant level of 0.00 thus less than the (P) value of 0.05. The study also reviled that cost of package and package timing had positive and significance effect on performance of Hotels.

Key terms: *A la carte* Menu, All-inclusive holidays, Bar Experience, Customer, Dining Experience, Financial management, Front Office Experience, Hotel Access Packaging, Price, Service

INTRODUCTION

According to the Tourism Intelligence International, (2000) the general all-inclusive package included ground transfers, baggage handling, government taxes, room, meals, snacks, drinks, cigarettes, use of facilities and equipment, certified instructors, gratuities and entertainment. At Sandals Montego Bay, Jamaica, a package includes accommodation, all meals at any restaurant within the hotel, premium alcohol, and scuba diving for certified members, golf, hotel taxes, tipping, gratuities, airport transfers, butler services, basic wedding package, and unlimited use of amenities. The package did not include airfare, red lane spa treatments, non-basic wedding packages, private canapé cruise, off property tours and scuba diving for non-certified members.

Greenberg, P. (2008) further records that in Mexico, all-inclusive packages include accommodation, a welcome glass of champagne, all meals and gourmet bites, hour room service, unlimited selection of alcohol including premium brands, minibars with an assorted selection of drinks, daily and nightly activity programs, bicycles to ride around, non-motorized water sports, scuba clinics, tennis sports, taxes and gratuities, live music, shopping tours, fitness Centre, sauna and steam baths. Among the 'Club Med', a group strongly associated with the spread of the all-inclusive concept in the Spanish Island of Mallorca, offer packages that included guest transfers, accommodation, all meals, wine, beers, soft drinks, an open bar, snacks and some sports.

The package does not include Champagne, Very Superior Old Pale Spirits (VSOP), extra old spirits (XO), premium brands of beverages, select wines and canned/ bottled drinks, sports tuition, special courses (Scuba diving, horse riding, tennis), baby care, spa packages and excursions. In Mauritius, an all-inclusive packages included ground transfers, baggage handling, government taxes, rooms, *a la carte* meals, snacks, premium drinks, recreational

facilities, certified instructors, gratuities, entertainment, tips, scuba diving, shopping tours, day and night activities, motorized and non-motorized sports, fitness Centre, sauna and steam bath, baby care, spa treatment, excursions, signature menus with a wine degustation, racket sports, yoga and meditation classes, facial treatments and massage.

All-Inclusive holiday packages are defined as a concept where all travel, accommodation and a substantial amount of food and drink together with activities such as entertainment, trips or sports services are included in a pre-paid price while booking. The tour operators arrange for tour visits. There has been a growth in the total holiday markets since Enoch, Y. (1996), Issa, J.J. and Jayawardena, C. (2003) and Anderson W. (2010). Issa, J.J. and Jayawardena, C. (2003) established that the all-inclusive holiday concept was first introduced in holiday camps in Britain in the 1930's. This holiday concept was different because a guest had to carry no form of money while on a holiday. It was a package designed to eliminate extra charges that can spoil the attractiveness of vacations and change the purpose for having the holiday in the first place.

All-inclusive clubs have revolutionized and made a major impact on the concept of hospitality service. In the 1950's, 'Club Mediterranean', a French company popularly known as 'club-med' introduced the concept on the Spanish island of Mallorca and later spread to the rest of the world. After its inception, the concept spread to Europe, Asia, Africa and the Caribbean. This concept was introduced in Kenya in the early 1980. The concept become vibrant in the 1990's because of the 1997 and 1998 terrorists attack which affected the hospitality industry and drove away most of the tourists to stay in their countries. This led to most of the hotels adopting this kind of a hotel arrangement to avoid a situation where they could close down due to lack of guests which was

becoming a common phenomenon. During this period a number of hotels were closed down and staff lost their jobs.

The history of all-inclusive package dates back to 1841 when a tour operator by the name Thomas Cook introduced it as one of the early form of holiday packages. The operator offered customers a turn trip between Leicester and South Borough in the United Kingdom. The first package tour of Europe was organized by Cook in 1855, and by 1872 Thomas Cook was undertaking world-wide tours, though with small groups. The concept later re-emerged in holiday camps in Britain in the 1930s. The expenditure on tourism industry is growing faster than expenditure on other products and services, and with a greater variety of leisure activities on offer, there is an increased competition for customers and money. Strategies that offer customer loyalty by providing unique benefits to customers are therefore better than low cost leadership through price discounting. Quality thus becomes a central issue in customers' choices for destinations.

Quality is often equated with satisfied or delighted customers. Therefore, in today's competitive business environment, the ability to meet and exceed customers' expectations is a key determinant to guest satisfaction and delight. Customer delight, which goes beyond customer satisfaction, has a direct and positive impact on the economic viability of any hospitality organization. Kvist, J. and Klefsjo, B. (2006) argues that all customer service organizations should strive to meet and exceed customer expectations in service delivery.

In Africa, the all-inclusive concept was first introduced in South Africa, followed by Zanzibar and later to Kenya in the 1980's. The concept gained much popularity in Kenya in the 1990's. The low business volume in the tourism sector triggered the concept to gain popularity in Kenya especially during the land clashes in 1997; and the travel

advisory issues by the United States of America government to Kenya following the 1998 terrorist bombings of the USA embassies in Nairobi and Dar-es-Salaam. Because of the low tourists in the country the hoteliers embraced the All-Inclusive concept. With time the concept has been improved and modified in order to gain a competitive advantage over the others. This has seen the concept has been modified from the original. Due to the low cost that the package is rolled out the concept has seen a fair share of challenges which have ranged from: quality of food, drink and accommodation offered, quality of tourists it attracts, and the low multiplier effect it has to the host country, Horner, S. and Swarbrooke J. (2009).

The history of all-inclusive can be traced back in the 1930s when it was first applied by Butlin's holiday camps in the Barry Island Issa, J.J. and Jayawardena, C. (2003) The Butlin's camps were built for the reasons of providing cheap holidays Issa, J.J. and Jayawardena, C. (2003). Later on in the 1950's the French club Mediterranee or 'Med Club' developed the concept further through developing holiday camp in the Island of Mallorca club Med intended to eliminate any extra charges that could easily sour the sweetest of vocations.

In the Club Med one had to use plastic beads as currency to pay for services Issa, J.J. and Jayawardena, C. (2003). Within two decades the product developed and gained more market acceptance and from Europe to the whole world and this had a great influence in the expansion of mass international tourist when tourism gained popularity in Caribbean during the 1970s and 1980s a new package was later established Issa, J.J. and Jayawardena, C. (2003).

In the year 2006, Thomas cook introduced All-inclusive Plus which had premium branded alcohol, a la carte menus, spa and wide range of sport activities for the AI clients. Thomas has with years expanded to having at least 50 types of all-inclusive which is available in over twenty-five different

destinations. As time goes the AI modal is becoming cheaper and easily available. In UK for example the average price in 1995 was £959, £780 in 1998 and £450 in 2000 Club Med developed a slogan “everything’s included, including the fun” or Sandals “is for lovers”; orat Hedonism “if it feels good it’s included” are all accompanying in the all-inclusive marketing strategies. This has seen the AI modal continually grow every sense and thus has seen it gain much popularity and the choice of thousands of tourists around the globe.

The spread of the all-inclusive holiday package in Kenya was not because it was a lucrative business strategy, but because the hotel industry was desperate for customers to avoid closing down. The hotel stakeholders believe that to attract more tourists there is great need to lower the cost of the holiday packages. While customer satisfaction has been widely studied in hospitality and tourism literature, little is still known about satisfaction derived from the all-inclusive segment (Kazungu *et al.* 2008). It is the segments or niches that make up the total tourism market. Most researches focus on the total market while ignoring the niches. This study provides an insight into one of the niches of the tourism market. Specifically seeks to analyze the all-inclusive holiday packages and the satisfaction it delivers the Kenyan coast.

Issa, J.J. and Jayawardena, C. (2003).and Horner, S. and Swarbrooke J. (2009) analyzed the development of all-inclusive properties. In their study they seek to find out how the hospitality industry had seen a major growth in all-inclusive hotels and resorts. This has seen many other resorts adopt this model to improve their occupancy and profit margins. In their finding the supply and demand factor have played a major role in their growth. On demand the tourist feel more comfortable and love the idea of paying one rate which takes care of their whole Safari without having them to carry any extra money. The

customers also believe that there is value for their money as their package is all inclusive.

The study sought to answer the question as to whether determinants of the All Inclusive package such as the coat of package, the package content, the package timing and information communication technology has an effect to the organizational performance of the hotels in North Coast. The indicators to organizational performance of the hotels were measured from the level of productivity efficiency levels, profitability, the market value and the competitive advantage.

Objectives of the Study

- To establish the effects of cost of package on organizational performance.
- To determine the effects of package content on organizational performance.
- To evaluate the effects of package timing on organizational performance.

LITERATURE REVIEW

Theoretical Review

The Service Quality Theory

The Service Quality Theory of the opinion states that satisfaction of a customer depends on the offer’s performance in relation to the buyer’s expectations (Parasuraman *at al.* 1985). Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to the customers’ expectations. Satisfaction is a function of perceived performance and expectations. When performance falls short of the expectations, the customer is dissatisfied. If the performance matches expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

The Service Quality Theory model conceptualizes service quality as a gap between customer expectations (E) and the perception of the service providers’ performance (P). Service quality should

be measured by subtracting customer perception scores from customer expectation scores ($Q=PE$). The greater the positive score, the greater the positive amount of service quality and vice versa.

The Expectancy Disconfirmation Theory

According to Oliver, R. L, (1977) the theory observes that customers purchase goods and services with pre-purchase expectations about anticipated performance. Once the product or service has been purchased and used, outcomes are compared against expectations. When outcome matches expectations, confirmation occurs.

Disconfirmation occurs when there are differences between expectations and outcomes. Negative disconfirmation occurs when the product/service is less than the expected. Positive disconfirmation occurs when the product/service is better than expected. Satisfaction is caused by confirmation or positive disconfirmation of customer expectations and dissatisfaction is caused by negative disconfirmation of customer expectations.

Kano's Customer Satisfaction Model

According to Kano, N. (1995).the model classifies product attributes based on how they are perceived by customers and their effect on customer satisfaction. These classifications are used as a guide for design decisions in that they indicate when good is good enough, and when more is better. The model has been found useful in identifying customer needs; determining functional requirements; concept development and analyzing competitive products. The model divides product attributes into three categories: threshold, performance, and excitement. A competitive product meets basic attributes, maximizes performances attributes, and includes as many "excitement" attributes as possible at a cost the market can bear.

Threshold or need fulfillment attributes are the expected attributes or "musts" of a product, and do

not provide an opportunity for product differentiation. Increasing the performance of these attributes provides diminishing returns in terms of customer satisfaction; however, the absence or poor performance of these attributes results in extreme customer dissatisfaction. An example of a threshold attribute would be the provision of a meal such as breakfast to customers, the attribute is either satisfied or not. Performance attributes are those for which more is generally better, and will improve customer satisfaction. Conversely, an absent or weak performance attribute reduces customer satisfaction.

The needs that customers verbalize most will fall into the category of performance attributes. These attributes will form the weighted needs against which product concepts will be evaluated. The price for which a customer is willing to pay for a product is closely tied to performance attributes. For example, customers would be willing to pay more for a room that provides them with better comfort, or a more elaborate meal. Excitement attributes are unspoken and unexpected by customers but can result in high levels of customer satisfaction, however their absence does not lead to dissatisfaction; Excitement attributes often satisfy latent needs of which customers are currently unaware, for example, the provision of a breakfast item that a customer has never experiences before.

In a competitive market place, where manufacturers' products provide similar performance, providing excitement attributes that address "unknown needs" can provide a competitive advantage.

Although they have followed the typical evolution to a performance then a threshold attribute, cup holders were initially excitement attributes. Other products often have attributes that cannot be classified in the Kano Model. These attributes are often of little or no consequence to the customer, and do not factor into consumer decisions. Figure

2.4., shows Kano's satisfaction model. The conclusion that can be drawn from the theories is that satisfaction is not a universal phenomenon, and not everyone gets the same satisfaction out of a hospitality experience. Customers usually have different needs, objectives and past experiences. All these influence expectations.

Conceptual Framework

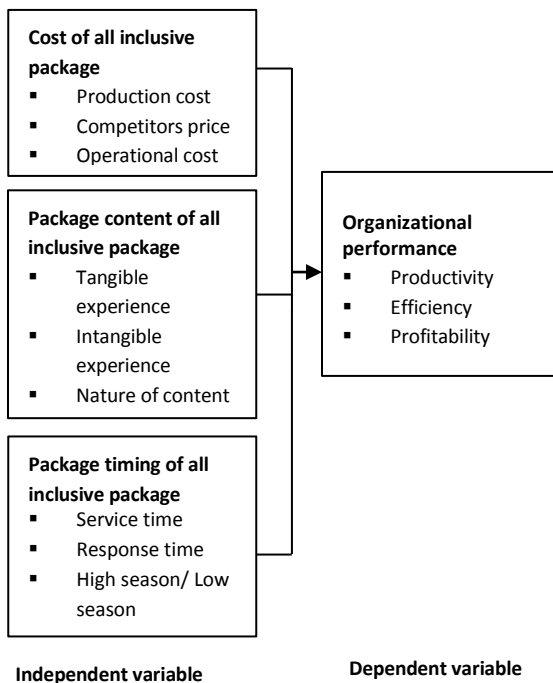


Figure 1: Conceptual framework of the study

Cost of package of all inclusive package

In order to successfully use price as a strategic weapon, hotels must address two questions: What prices do we charge? How do we determine which customers or market segments to be offered those prices? In addition, hotels must study and understand both customer and competitive reaction to their use of revenue-management pricing. Although better pricing decisions can lead to increased revenue, hotels must also consider the impact of pricing on customer satisfaction.

Customer satisfaction with pricing is affected by the perceived fairness of those prices.

Cost of package is based on two pricing constructs: price discrimination and demand-based pricing. The basic premise behind price discrimination is that multiple prices can lead to increased revenue. A hotel that only charges one rate to all customers is not maximizing its revenue because some of its customers are probably willing to pay a higher price for the room (but are quite content to pay the lower price), while other potential customers are either unable or unwilling to pay the one price offered.

Package content of all inclusive package

In the hospitality industry, customers rarely consume pure products but a mixture of products and services. For example, one who dines in a restaurant will not only pay for the food and drinks but all the services provided. The bill will have covered both tangible and intangible experience. Tangible features- for example, a steak as the main course, a glass of house wine, well-groomed service staff and decoration of the restaurant. Intangible features for example will include a comfortable dining atmosphere or the friendly attitude of staff. A successful hospitality business does not only count on its products and services, but also how they are delivered. The qualities of staff and the way they deliver the service are often more important than the tangible products in making a hospitality experience satisfactory or unsatisfactory. Hence, the two features can contribute to the total experience in the service delivery process.

Horner, S. and Swarbrooke J. (2009) argues that all-inclusive packages have a wide range of products and services. The products and services are all designed and single priced. When this package is put together it is sold as all-inclusive package. The package then takes care of the government taxes, room, snacks alcohol, recreation facilities, entertainment and all the necessary extras. All-

inclusive packages are often seen as a driver for economic development as it may bring capital, technology, management know-how, jobs and access to new markets. Policy-makers have, therefore, tended to emphasize the benefits that all-inclusive packages can bring to host economies, particularly in developing countries such as Kenya. An all-inclusive package has an impact on the profit and losses margins of a hotel. The hotel prices on the all-inclusive package will determine the sales volume and thus affect the profitability of the hotel. All Inclusive packages take care of all the expense in terms of consumption of a guest during the period that he/ she puts up in a hotel. The financial performance is therefore gauged in comparison with the other packages offered at the hotel like the full board, half board, bed and breakfast and bed only.

Packaging timing of all inclusive package

Hotel customers are always seeking an energetic service and memorable experience. And, excellent service will enable you to do exactly that. Apart from ensuring that every service is being supplied on time, it is important to make sure that etiquettes of the service sector are also met. This includes both on-call and in-person services. Poor response time, especially if done repeatedly, results in loss of customers and revenue. The key to generating loyal customers is to provide them with efficient service by the required time frame.

Time is the key to success when you're running a hospitality business. If you aren't able to provide on-time services to your valued customers then this will hurt your business. Give individual priority to each customer. If you set customer satisfaction as your basic priority then you will be able to develop a loyal customer base. Resultantly, your customers will not only come back again but will suggest your services to their friends and family members as well. There is a high season and a low season in the

hotel industry. Hotels record good profits during the high season as the international market is open

Organization performance

Organizational performance refers to how well an organization achieves its objectives. Common organizational objectives include shareholder wealth maximization, profit maximization, increased market share and customer satisfaction. Thus, any organizational initiative, including planning, should ultimately lead to enhanced organizational performance (Brigham & Houston 2014), Organization performance is evaluated on the basis of the ability of an organization surviving the market, the market's valuation of the firm's securities as well as its reputation.(Tan, Kannan, Handfield, & Ghosh, 2009). Prior studies have measured organizational performance using different metrics i.e market share; Return on investment; average annual market share growth; average annual sales growth; overall product quality; profit margin on sales; and overall competitive position (Li, Nathan, Nathan & Rao, 2010)

RESEARCH METHODOLOGY

This research used descriptive research design. According to Cooper and Schindler (2014), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study therefore generalised the findings to all departments of the hotel. The main focus of this study was quantitative. The study target population comprised of management staff and employees working in the all-inclusive hotels in Mombasa County. A sample size of 207 respondents was drawn from the population.

The study used the following regression model

$$Y_i = B_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i}$$

Y_i = Organizational performance.

B_0 = Constant or intercept

β_1 = Regression coefficient for cost of package.

X_{1i} = cost of package

B2 = Regression coefficient of package content.
 X2i = package content.

B3 = Regression coefficient for package timing.
 X3i = Package timing.

FINDINGS

Cost of package

Table 1: Cost of package

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Cost of All Inclusive package is attractive to our customers.	202	1	5	3.46	1.309
All Inclusive Package reduces production/ Service cost	202	1	5	2.50	1.085
Cost of All Inclusive package affects the sales volume of the hotel.	202	1	5	3.52	1.239
Production cost of All inclusive Packages improves the profitability.	202	1	5	3.56	1.319
Price of our all-inclusive package gives us a competitive advantage.	202	1	5	3.69	1.292
The customer pays less money for All Inclusive Package.	202	1	5	2.78	1.359
Valid N (listwise)	202				

From the table 1 shown above, the results indicated that most respondent that agreed that cost of all Inclusive package is attractive to customers. This was depicted by a mean score of 3.46 and standard deviation of 1.309. Majority of the respondents disagreed that all inclusive package are attractive to customers. This is indicated by a mean score of 2.50 and standard deviation of 1085. As to whether the all Inclusive package affects the sales volume of the hotel, majority of respondents agreed with the findings as indicated with a mean of 3.52 and standard deviation of 1.239 that indeed all inclusive

packages affects the sales volume of the hotel. The respondents were asked if the production cost of all inclusive package improves the profitability and most of them agreed with this statement with a mean score of 3.56 and standard deviation of 1.319. Majority of the respondent agreed that price of all inclusive package gives competitive advantage as indicated with mean os 3.69 and deviation of 1.292. However, majority disagreed that customer pays less money for All Inclusive Package. This is shown by a mean of 2.78 and standard deviation of 1.292.

Package timing

Table 2: Package timing

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation

All Inclusive package attracts customers to our hotel.	202	1	5	3.37	1.228
Our customers prefer the products we offer as All Inclusive Package.	202	1	5	3.46	1.214
Our repeat clients are those satisfied with the nature of our products in our All Inclusive	202	1	5	3.57	1.119
Cusomers prefer oor All Inclusive package over those offered in other hotels	202	1	5	3.74	1.077
Cusomers prefer oor All Inclusive package over those offered in other hotels	202	1	5	3.77	1.115
Government accountability provides capacity of state institutions to check abuses by other public agencies and branches of government	202	1	5	3.90	1.084
The quality of All Inclusive package gives our hotel a competitive advanatage	202	1	5	3.86	1.155
Our customers using All Inclusive package are satisfied and inform others about it.	202	1	55	4.24	5.244
Customers prefer our All-inclusive package over those offered in other hotels	202	1	5	3.98	1.065
Valid N (listwise)	202				

The second objective of the study was to investigate the effect of package timing on organization performance. Respondents were required to respond to set questions related to package timing and give their response. The respondents to some extent agreed that all Inclusive package attracts customers to our hotel as indicated by a mean of of 3.37 and standard deviation of 1.228. Respondents with a mean score of 3.46 agreed that customers prefer products offered with all inclusive package. With a mean score of 3.57 and standard deviation of 1.119, respondents agreed that repeat clients are satisfied with the nature of products in all inclusive package. Majority of the respondents with a mean of 3.74 and standard deviation of 1.077 agreed that customers preferred all inclusive packages being offered in the hotel over those offered in other

hotels. Majority of the respondents with a mean of 3.90 and standard deviation of 1.084 agreed that the government accountability provides capacity for the state institutions to check abuses by other public agencies and other branches of government. The respondents agreed with the statement that the quality of all inclusive package gives a hotel competitive advantage. This is indicated with a mean of 3.86 and standard deviation of 1.155. On whether customers using all inclusive package are satisfied and inform others about it, the respondents had varying views as indicated by a mean score of 4.24 and standard deviation of 5.244. The respondents with a mean score of 3.98 and standard deviation of 1.065 were in agreement that customers prefer our all-inclusive package over those offered by other hotels.

Package content

Table 3: Package content

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Customers are satisfied with timely services offered in our All Inclusive Package.	202	1	5	3.58	1.195
We record more clients during high season which results to improved profits	202	1	5	3.85	1.023
All inclusive package attracts high number of customers during the low season	202	1	5	3.82	1.061
Customers are happy with the speed of check-in/ check-out from the hotel which gives us a competitive advantage.	202	1	5	3.88	1.083
Our response to our customers complains has been efficient	202	1	5	4.05	.986
Our customers are satisfied with the timing of our products and services in All Inclusive package	202	1	5	3.86	1.270
Timely services offered in our All Inclusive package has improved our profitability	202	1	5	2.87	1.398
Valid N (list wise)	202				

The third objective of the study was to examine the influence of package content on organization performance in North cost hotel. The mean score of 3.58 and standard deviation of 1.195, the respondents were in agreement that customers are satisfied with timely services offered in our all-inclusive package. Majority of the respondent were in agreement that they record more clients during high season which results to improved profits. This was shown by a mean score of 3.85 and standard deviation of 1.023. As to whether all inclusive package attracts high number of customers during the low season, majority of respondents with this statement with a mean of 3.82 and standard deviation of 1.061. And, that customers are happy with the speed of check-in/ check-out from the

hotel which gives a competitive advantage, the respondents were in agreement with this statement with a mean of 3.88 and standard deviation of 1.083. The respondents had converging views as indicated with a mean of 4.05 and standard deviation of 0.986 when their views were sought regarding response to customers complains. The customers are satisfied with the timing products and services in all inclusive packages. This is indicated with a mean of 3.86 and standard deviation of 1.270. The respondents were in disagreement that timely services offered in all inclusive package has improved improved profitability. As indicated in the table above, this had a mean of 2.87 and standard deviation of 1.398 which is in disagreement with the statement.

Performance

Table 4: Performance

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Production cost of all inclusive package improves productivity	202	1	5	4.12	1.091
Timely services with all inclusive package improves productivity	202	1	5	4.11	1.045
Cost of allinclusive package affects the sale volume	202	1	5	4.14	.943
We record more clients during high season which results to improve productivity	202	1	5	4.37	.866
Valid N (listwise)	202				

From the table 4, most of the respondents agreed that production cost of all inclusive package improves productivity in hotels. This is shown with a mean of 4.12 and standard deviation of 1.091. As pointed out earlier most customers prefer all inclusive packages because it is cost friendly. It was agreed by respondents that, timely services with all inclusive package improves productivity in hotel.

This indicated with a mean of 4.11 and standard deviation of 1.045. On whether the cost of all inclusive package affects the sale volume, respondents strongly agreed with a mean of 4.14 and standard deviation of 0.943. The respondents strongly agreed with a mean of 4.37 and standard deviation of 0.866 that more clients recorded during high season.

Regression Results

Coefficient of Determination (R2)

Table 5: Coefficient of Determination (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.680 ^a	.462	.454	.52005

a. Predictors: (Constant), package_timing, cost_of_package, package_content

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable that is explained by all independent variables. Table 5 shows that the coefficient of determination R Square is 0.462. From the findings therefore this means that 46.2%

of organization performance of hotels in North coast are attributed and determined by combination of the three independent factors investigated in this study which cost of package, package timing and package content. The remaining percentage is represented by factors not researched in this study.

ANOVA

Table 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.996	3	15.332	56.690	.000 ^b
	Residual	53.550	198	.270		
	Total	99.546	201			

a. Dependent Variable: performance

b. Predictors: (Constant), package_timing, cost_of_package, package_content

The study used Analysis of Variance also commonly referred to as (ANOVA) to establish the significance of the regression model from which f-significance at the value of (P) is less than 0.05. The study model was statistically significant in predicting the determinants of all inclusive package on organizational performance of hotel industry in North coast. This was true as indicated in table 6

where the Df was (56.690) at significant level of 0.00 thus less than the (P) value of 0.05. This therefore means that the regression model had a confidence level of above 95% hence high reliability of the results obtained. The null hypothesis therefore is rejected and an alternative one adopted. The result in table 6 also indicates that the study findings were statistically deduced.

Multiple Regressions

Table 7: Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	2.000	.209		9.554	.000
	cost_of_package	.031	.042	.042	.737	.003
	package_content	.041	.065	.048	.637	.525
	package_timing	.562	.063	.645	8.880	.000

a. Dependent Variable: performance

The researcher conducted a multiple regression analysis as shown in Table 7 to determine the relationship between inclusive packaging and organization performance of hotels industry in North coast with special interest in cost of package, package timing and package content.

The regression equation was:

$$Y = 2.000 + 0.031X_1 + 0.041X_2 + 0.562X_3 + \epsilon$$

Where

α: is a constant term,

βn: coefficients to be determined

e: the error term.

Y: the dependent variable (Organization performance)

X1: Cost of package

X2: Package timing

X3: Package content

According to the regression equation established in Table 7, taking all factors constant at zero, organization performance was 2.000. The data findings analyzed also showed that taking all other independent variables at zero; a unit increase in cost of package would lead to a 0.031 increase in organization performance in hotel industry in North coast. A unit increase in package timing led to a

0.041 increase in organization performance in hotel industry in Kenya. And lastly a unit increase in package content led to a 0.562 increase in

organization performance. This therefore implied that three variables had a positive and significant relationship with organization performance.

Table 8: Correlation
Correlations

		Cost of package	Package timing	Package content	performance
Cost of package	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	55			
Package timing	Pearson Correlation	.485**	1		
	Sig. (2-tailed)	.000			
	N	202	202		
Package content	Pearson Correlation	.318*	.335**	1	
	Sig. (2-tailed)	.018	.005		
	N	55	202	202	
performance	Pearson Correlation	.542**	.475**	.685**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	202	202	202	202

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Pearson correlation was used to identify the relationship between dependent and independent variables. The study found out that there was a strong positive correlation between cost of package and performance ($r=0.485^{**}$, and P value of 0.00). The value implied cost of package greatly and positively influenced the performance in the hotels. The study also found out that there was a strong and positive correlation between performance of hotels and Package timing with ($r=0.318^*$, and a P value of 0.000) portraying a strong significant relationship between performance of hotels and package timing. Finally the study found out that

that there was a strong and positive correlation between package content and performance of hotels with ($r=0.542^{**}$, and a P value of 0.000) implying that package affected performance hotels.

CONCLUSIONS

The study concluded that Cost packaging affects organization performance of hotel industry and it is important that managers understand customer needs including pricing. A better pricing decisions leads to increased revenue. Therefore the hotels must consider pricing for it has an on customer satisfaction. It also concluded that package timing,

from the analysis package timing had highest correlation. This showed that it had greater influence on the performance of hotel industry. This called for hotel management and all government agencies to work together in way that would create attractive packages for local and foreign customers in these industries. In the hospitality industry, package content very important, customers rarely consume pure products but a mixture of products and services. Therefore the product, services and delivery of these of both vary important. To some extent the qualities of staff and the way they deliver the service are often more important than the tangible products in making a hospitality experience satisfactory or unsatisfactory. The study also concluded that since all inclusive packages were determinant of sales volume and which in turn affected profitability should be given higher priority in hotel industry.

RECOMMENDATION

- The study recommended that the policy makers in hotel industry to device a strategic

plan to help them understand the economic benefits of restraining the guests to the boundaries of their facilities and have them consume their offers.

- The management to design appropriate framework upon which decisions can be reached by various key stakeholders regarding all-inclusive packaging.
- Stakeholders to review their all-inclusive holiday packages to meet the needs of the customers.

AREAS OF FURTHER RESEARCH

This study focused on determinant of all inclusive packaging on organization performance a case study of North coast hotels in Mombasa. Since only 46.2% of results was explained by independent variables in this study, it was recommended that a further study be carried out on other factors such as security, location and infrastructure that affected organization performance of hotels in Mombasa.

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