

Customer Loyalty Programs and Repeat Patronage in Hotels: The Role of Perceived Service Quality as a Moderator

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ABSTRACT

This study investigates the influence of customer loyalty programs on repeat patronage, with perceived service quality as a moderating variable, in selected hotels in Ilorin, Kwara State, Nigeria. Amid increasing competition in the hospitality industry, customer retention is critical for business sustainability. Employing a quantitative survey design, data were collected from 124 hotel guests selected from a population of 180 registered hotels using Cochran's formula. Descriptive and inferential statistics, including regression analysis, were used to test the research hypotheses. Findings indicate that well-structured, reward-driven loyalty programs significantly enhance repeat patronage, while perceived service quality strengthens this relationship, highlighting that loyalty schemes alone are insufficient without high service standards. The study also notes that incorporating incentive-based strategies from the MICE (Meetings, Incentives, Conferences, and Exhibitions) segment, such as discounts for repeat corporate clients, further enhances loyalty outcomes. The research recommends that hotel operators invest in engaging, transparent loyalty programs while ensuring superior service quality across all customer touchpoints and regularly assess program effectiveness through customer feedback and market research. Although limited to Ilorin and based on self-reported data, the study provides a useful framework for understanding customer loyalty in Nigeria's hospitality industry, with future research encouraged to explore broader regions and qualitative approaches for deeper insights.

Keywords: Customer loyalty programs, repeat patronage, perceived service quality, hotel industry, MICE incentives.

INTRODUCTION

In an increasingly competitive hospitality landscape, customer loyalty has emerged as a critical determinant of long-term business sustainability and profitability. Hotels, like other service-based businesses, rely heavily on repeat patronage, which is significantly influenced by the effectiveness of customer loyalty programs. Globally and locally, loyalty programs are deployed as strategic tools to influence customer behavior, enhance repeat patronage, and increase revenue. However, the effectiveness of these programs varies depending on several factors, including service quality. Khodakarami, et al. (2024) observed that customers respond differently to competitive loyalty schemes, highlighting the need to understand contextual and moderating variables that shape loyalty outcomes.

In the Nigerian context, research by Osarenmwinda and Ekanem (2025) showed a positive relationship between loyalty programs and repeat purchase behavior in the FMCG sector, raising questions about the effectiveness of similar programs in the hospitality sector. Okade (2025), in a

study of Radisson Blu Hotels in Nigeria, found that loyalty programs alone do not guarantee repeat patronage unless guests perceive the quality of service to be high. This finding resonates with Adebayo (2023), who emphasized the centrality of service quality in influencing loyalty outcomes in retail businesses. The SERVPERF dimensions, tangibility, reliability, responsiveness, assurance, and empathy, have been empirically linked to customer satisfaction and loyalty (Ezeh & Ezeuduji, 2023), suggesting that perceived service quality could moderate the relationship between loyalty programs and repeat patronage.

Despite the widespread adoption of loyalty programs in Nigerian hotels, many establishments still struggle with low levels of repeat patronage. While loyalty initiatives are designed to enhance customer retention, their impact is often undermined by inconsistent service delivery. Okade (2025) concluded that reward programs, although appealing in design, are insufficient without a matching level of service quality. Similarly, Abdulsalam et al. (2025) emphasized the role of moderating variables, such as technology acceptance, in shaping the effectiveness of loyalty strategies. Adebayo (2023) and Aniediabasi (2024) further argued that service quality remains a central pillar in customer retention efforts. These studies suggest a possible gap in understanding the moderating effect of service quality on the loyalty–patronage relationship in the hospitality industry. There is limited empirical evidence from Ilorin on how service quality influences the outcome of loyalty initiatives in hotels, making it difficult for hotel managers to design effective strategies that combine both variables.

This study, therefore, seeks to explore how customer loyalty programs influence repeat patronage in selected hotels in Ilorin, Kwara State, with a focus on how perceived service quality shapes this relationship. Arising from this aim are the following objectives:

- i. To assess the influence of customer loyalty programs on repeat patronage in selected hotels in Ilorin.
- ii. To examine the moderating role of perceived service quality in the relationship between loyalty programs and repeat patronage.

The objectives were guided by the following research questions:

- i. To what extent do customer loyalty programs influence repeat patronage in selected hotels in Ilorin?
- ii. How does perceived service quality moderate the relationship between customer loyalty programs and repeat patronage?

This study is limited to selected three- and four-star hotels operating within Ilorin metropolis in Kwara State, Nigeria. It focuses specifically on the dynamics between customer loyalty programs, service quality perception, and repeat patronage.

This study contributes to a deeper understanding of how loyalty strategies can be optimized through improved service delivery in the hospitality industry. For hotel managers, the findings offer evidence-based insights for designing integrated loyalty-service models. For scholars, it fills a gap in literature concerning moderating effects in customer loyalty frameworks. For policymakers and tourism development stakeholders, the results may inform quality assurance standards and customer engagement policies. In line with Sustainable Development Goal 8, which promotes sustained, inclusive, and sustainable economic growth, productive employment, and

decent work, this study supports the goal by enhancing business sustainability in the tourism and hospitality sector through customer retention.

Customer loyalty is central to the long-term profitability and sustainability of the hospitality industry, especially in emerging economies like Nigeria. This study is justified on the basis of SDG 8, which advocates for innovations that improve productivity and economic resilience. Repeat patronage, driven by effective loyalty programs and high service quality, enables hotels to maintain stable revenue streams and retain staff through continuous employment. Moreover, by focusing on the moderating role of service quality, the study advances current scholarship and provides practical implications for managers seeking to align customer-centric strategies with global standards for sustainable hospitality management.

LITERATURE REVIEW

Customer Loyalty Programs

Customer loyalty programs have evolved as key strategic tools in hospitality management, aimed at fostering repeat patronage, enhancing customer satisfaction, and improving overall business performance. In a highly competitive industry like hospitality, where service delivery is intangible and customer perception is critical, loyalty programs offer tangible incentives and emotional connections that influence customers' decisions to return. Elgarhy (2023) conducted a comprehensive study on Egyptian travel agencies and found that service quality, pricing strategies, and loyalty programs significantly influence firm performance, especially when mediated by customer retention. His findings reinforce the idea that loyalty programs are not standalone mechanisms but function more effectively when integrated with other service elements, particularly quality. Similarly, Abdulkazeem et al. (2025) explored modern reward systems in family-owned hospitality businesses in Nigeria and observed that while reward systems improved short-term performance, their long-term impact on customer loyalty was weakened by inconsistent service delivery and lack of customer engagement mechanisms.

In the Nigerian restaurant sector, Nwankwo and Kanyangale (2023) investigated customer experience management and its relationship with customer retention. They emphasized that customer loyalty is deeply rooted in consistent positive experiences, and loyalty programs must be backed by quality interactions to yield sustained repeat patronage. This highlights a recurring pattern across hospitality sub-sectors, loyalty programs may offer initial appeal, but their effectiveness hinges on the quality of the accompanying service. Further insights from Omogiate and Engelbrecht (2025) focused on low-income consumers in Buffalo City Metropolitan. Their study revealed that loyalty reward programs had limited influence on buying behavior when perceived value was low or inconsistent. For this demographic, service reliability and transparency played a greater role in influencing loyalty than mere rewards. These findings underscore the moderating role of perceived service quality and highlight the importance of contextualizing loyalty strategies to match customer expectations. Despite these extensive contributions, a noticeable gap exists in the empirical exploration of the moderating effect of service quality on the relationship between customer loyalty programs and repeat patronage within the Nigerian hotel industry, particularly in Ilorin, Kwara State. Most Nigerian studies have either concentrated on the fast-moving consumer goods (FMCG) sector (Osarenmwinda & Ekanem, 2025), banking and retail environments (Obeta et al., n.d.), or restaurants (Nwankwo & Kanyangale, 2023), with very

limited focus on hotels. Moreover, while Elgarhy (2023) and Okade (2025) highlight the influence of loyalty programs on firm performance and repeat business respectively, neither fully explores how customers' perception of service quality shapes the success of these programs.

This gap necessitates a context-specific investigation into how loyalty programs influence repeat patronage in hotels in Ilorin, and how perceived service quality might strengthen or weaken this relationship. Given the critical role that hospitality plays in local economies and the importance of customer retention for sustainable business growth, understanding these dynamics offers both theoretical and practical value. The present study, therefore, contributes to literature by examining not just the direct influence of customer loyalty programs on repeat patronage, but also the moderating effect of perceived service quality. It provides fresh insights into how hospitality businesses in emerging markets can align their customer retention strategies with service excellence to drive repeat visits, build brand loyalty, and enhance overall competitiveness.

Repeat Patronage

Repeat patronage is a crucial indicator of customer loyalty and business sustainability, particularly in the hospitality industry where service delivery is intangible and customer experiences vary significantly. It reflects the customer's willingness to return to a service provider based on previous satisfaction, perceived value, and trust. In the hotel sector, securing repeat patronage is essential not only for profitability but also for maintaining market share in an increasingly competitive and customer-driven environment. Several scholars have explored the determinants of repeat patronage across different service industries. Eko et al. (2025) investigated how content marketing strategies influence customer patronage in the mobile financial technology sector in Calabar. Their study found that tailored and informative content that resonates with customer needs significantly boosts patronage. While this research provided valuable insights into digital customer engagement, it was focused on fintech, and thus its findings may not fully translate to the hospitality context where physical service encounters play a more dominant role.

In a similar vein, Temu and Joy (2025) examined the influence of marketing concepts on customer patronage in UBA branches in Delta State. They discovered that customer orientation, integrated marketing efforts, and profitability strategies have strong effects on whether customers return. However, the study was confined to banking, a more transactional sector, unlike hospitality which thrives on experiences, ambience, and emotional connection. Francis et al. (2025) studied the role of service quality in customer patronage in the banking sector, finding that reliability, responsiveness, and assurance were the most critical dimensions of service quality influencing repeat visits. This aligns with the SERVPERF framework, but again, the context of banking is operationally different from hospitality, where service quality involves more personalized and dynamic interactions.

In the hospitality industry, Opoku et al. (2025) made a significant contribution by analyzing the nexus between customer relationship management (CRM) dimensions and customer retention in Ghana's hotel industry. Their findings highlighted the role of customer involvement and communication in driving loyalty, showing that engagement plays a mediating role in repeat patronage. While this study is directly related to hotels, it focused primarily on CRM variables and did not examine how loyalty programs or perceived service quality affect repeat behavior. Nennaaton and Gibson (2025) addressed a more technical determinant, website security and its influence on online patronage in four-star hotels in Rivers State. Their results revealed that secure

online platforms enhance trust and influence customers' decisions to book again. However, the focus on digital security leaves unexamined the broader experiential aspects of service quality and in-person loyalty drivers which are crucial in the Nigerian hotel sector.

Despite these rich contributions, clear research gaps remain. First, most of the existing studies focus on either financial institutions or digital platforms, with limited attention to the unique service environment of hotels. Second, while Opoku et al. (2025) provide a foundational understanding of CRM and retention in hotels, there is limited empirical examination of how structured loyalty programs directly influence repeat patronage, especially when moderated by perceived service quality. Third, the context of Ilorin, Kwara State, remains underexplored in scholarly discussions, leaving a regional gap in understanding consumer behavior in secondary hospitality markets outside Nigeria's major cities. The present study seeks to fill these gaps by investigating the relationship between customer loyalty programs and repeat patronage in selected hotels in Ilorin, while examining how perceived service quality moderates this relationship. This approach not only expands the geographic scope of hospitality research in Nigeria but also integrates two critical but underexplored constructs, loyalty programs and perceived service quality, into the analysis of repeat patronage. In doing so, it contributes to both theory and practice by providing context-specific, evidence-based recommendations for enhancing customer retention in the hospitality sector.

Perceived Service Quality

Perceived service quality is a foundational concept in customer experience management and a critical predictor of customer satisfaction, loyalty, and repeat patronage. It reflects a customer's subjective evaluation of a service's overall excellence or superiority and is shaped by expectations, service encounters, and emotional responses. In the hospitality sector, where the product is largely intangible and experiential, perceived service quality becomes even more central to business performance and customer retention. Liao et al. (2025) explored perceived service quality in the context of food delivery services and found it significantly influenced electronic word-of-mouth and customer intentions, based on an extended theory of planned behavior. Their study highlights that customers are more likely to share positive experiences and recommend services when they perceive high-quality service. This reinforces the idea that service quality is not only about meeting functional expectations but also about shaping perceptions that drive future customer behaviors. Similarly, Jacinto et al. (2025) examined athletes' perceptions at a sporting event and found that perceived quality was directly linked to overall satisfaction, perceived value, and future intentions to participate. This study underscores the interrelationship between service quality and customers' emotional and cognitive evaluations, particularly in settings where service experiences are intense, short-lived, and expectation-driven. Although this study was conducted in a sports context, its implications resonate with hospitality settings where service performance must create lasting impressions. Ghazi et al. (2025) contributed a higher education perspective by investigating how perceived service quality affects student satisfaction and employability perceptions in polytechnics. Their study showed that when students perceive service as reliable, responsive, and valuable, their satisfaction and perceived value of the institution increase. This reflects the universality of perceived service quality across sectors and its power in influencing continued engagement. However, while education shares some service dynamics with hospitality, the emotional and social dimensions of hotel experiences are arguably more nuanced and immediate.

In the Nigerian context, Onobhayedo (2022) analyzed consumer perceptions in online retailing and found that service quality perceptions are shaped by demographic factors and influence online purchase decisions. This insight reveals that service quality is not only subjective but also mediated by contextual variables such as age, education, and socio-economic background. In hospitality, these demographic patterns may further influence how loyalty programs are perceived and whether they succeed in encouraging repeat patronage. Esi-Ubani and Okpara (2025) examined service quality delivery in Nigeria's agency banking services. Their findings confirmed that responsiveness, assurance, and reliability were key factors in influencing customer preference. Although the setting was financial services, the core dimensions of service quality identified mirror those used in the SERVPERF model commonly applied in hospitality research. This supports the broader relevance of service quality as a determinant of customer decision-making.

Despite these extensive contributions, critical gaps remain in the application of perceived service quality to hotel loyalty programs. First, most of the studies reviewed have addressed service quality as a direct influence on satisfaction or behavioral intentions but have not examined its role as a moderator in the relationship between loyalty programs and repeat patronage. Second, there is limited empirical research from Nigerian hospitality settings, particularly in mid-tier cities like Ilorin, that combines loyalty strategy with the perceived quality of service delivery. Third, existing literature often overlooks how local service contexts, customer expectations, and cultural norms shape perceptions of quality and loyalty behavior in hotels. The present study addresses these gaps by investigating the moderating role of perceived service quality in the relationship between customer loyalty programs and repeat patronage in selected hotels in Ilorin, Nigeria. By integrating global insights and contextual realities, this research contributes to the understanding of how perceived service quality can amplify or diminish the effectiveness of loyalty initiatives in hospitality environments.

GAPS IN LITERATURE

Despite extensive studies on customer loyalty programmes, repeat patronage, and perceived service quality, several gaps persist. First, most research, such as that by Elgarhy (2023) and Omogiate and Engelbrecht (n.d.), focus on the general impact of loyalty programmes but often overlook the interaction between such programmes and service quality in low- to middle-income customer segments within hospitality contexts. Similarly, studies on repeat patronage (e.g., Eko et al., 2025; Opoku et al., 2025) tend to emphasize financial institutions or macro-level CRM strategies, with limited focus on localized hotel settings in emerging markets like Ilorin, Nigeria. Furthermore, while Liao et al. (2025) and Ghazi et al. (2025) highlight the significance of perceived service quality in influencing consumer behavior, few have integrated this construct with loyalty mechanisms and actual retention outcomes in family-owned or independently operated hotels. This fragmented approach necessitates a more holistic investigation that examines the combined effect of loyalty programmes and perceived service quality on repeat patronage in the hospitality industry, particularly in under-researched Nigerian urban centers.

THEORETICAL REVIEW

In understanding customer loyalty and repeat patronage within the hospitality industry, two theories provide a robust conceptual framework: Expectation-Confirmation Theory (ECT) and Relationship Marketing Theory (RMT). ECT posits that customer satisfaction, which drives

loyalty and continued patronage, stems from the comparison between pre-consumption expectations and post-consumption experiences. When service experiences meet or exceed expectations (confirmation), satisfaction occurs, leading to behavioral outcomes such as loyalty and repeat visits. AlSokkar et al. (2024) advanced ECT through an indexed, trust-based model, showing that trust is essential in translating expectation confirmation into loyalty. Similarly, Sundjaja et al. (2025) found that the continuance use of customer service platforms is strongly influenced by perceived usefulness, satisfaction, and trust, which align with the quality-driven and relational nature of hospitality services.

Relationship Marketing Theory, on the other hand, emphasizes the development and maintenance of long-term relationships between service providers and customers. Central to RMT are the constructs of trust, commitment, and satisfaction, which are cultivated through consistent service quality and customer engagement practices such as loyalty programmes. Okoro (2025) demonstrated that effective customer relationship management (CRM) practices significantly enhance firm performance in Nigeria's food and beverage sector, while Okafor and Nwosu (2025) highlighted the mediating role of trust and commitment in achieving organizational outcomes. In the hospitality context, RMT explains how loyalty programmes serve not only as transactional tools but as strategic mechanisms for relationship reinforcement, trust-building, and sustained engagement, thereby fostering customer retention.

Together, ECT and RMT contextualize this study by explaining the psychological and relational mechanisms through which perceived service quality and loyalty programmes influence repeat patronage. While ECT provides insights into the cognitive evaluation of service experiences, RMT underscores the emotional and relational bonds that sustain customer loyalty. These frameworks are particularly relevant to this study's focus on selected hotels in Ilorin, where sustaining guest loyalty and repeat visits requires not only meeting expectations through quality service but also strengthening long-term relationships through effective loyalty strategies.

METHODOLOGY

This study employed a quantitative research design to examine the influence of customer loyalty programmes and perceived service quality on repeat patronage in selected hotels within Ilorin metropolis. The approach was deemed appropriate for collecting structured, objective, and replicable data that align with the study's aim and research questions. The study population comprised customers who had previously patronized any of the 180 registered hotels in Ilorin metropolis, as obtained from the Kwara State Tourism Board database (2025). In determining an appropriate sample size, the Cochran formula for finite population correction was applied.

Sample Size Calculation for Survey

Step 1: Calculate the initial sample size (n_0)

The formula for estimating sample size at a given confidence level is:

$$n_0 = (Z^2 \times p \times (1 - p)) / e^2$$

Where:

- $Z = 1.96$ (for 95% confidence level)
- $p = 0.5$ (estimated proportion of the population with the attribute)
- $e = 0.05$ (margin of error)

$$n_0 = (1.96^2 \times 0.5 \times (1 - 0.5)) / 0.05^2$$

$$n_0 = (3.8416 \times 0.25) / 0.0025$$

$$n_0 = 0.9604 / 0.0025 = 384.16$$

Initial sample size, $n_0 \approx 384$

Step 2: Apply the finite population correction (FPC)

Since the population size $N = 180$ is less than 10,000, we adjust n_0 using:

$$n = n_0 / [1 + ((n_0 - 1) / N)]$$

$$n = 384.16 / [1 + (384.16 - 1) / 180]$$

$$n = 384.16 / [1 + 383.16 / 180]$$

$$n = 384.16 / [1 + 2.1298]$$

$$n = 384.16 / 3.1298 \approx 122.74$$

Step 3: Round to nearest whole number

Final sample size, $n \approx 123$ respondents

This study employed a purposive sampling technique to select hotels with established loyalty programs, ensuring that the institutions included were directly relevant to the investigation of loyalty schemes and their impact on repeat patronage. The study identifies repeat patronage through a combination of guests' self-reported information and confirmation from hotel records. It defines repeat patronage as the number of times a guest stays in the same hotel within the previous twelve months. In the questionnaire, guests state how many times they stayed at the hotel during this period. The study also reviews hotel reservation systems, guest history files, and loyalty programme records to verify the frequency of visits. These records contain details of guests' stay history and loyalty activities, which help confirm repeated visits. The study categorizes guests who report or are verified to have stayed at least twice within the twelve-month period as repeat patrons. It then converts the frequency of stays into numerical values for statistical analysis. This process provides a consistent and dependable measure of repeat patronage for examining its relationship with loyalty programmes and perceived service quality.

Within these selected hotels, convenience sampling was utilized to recruit guests who had stayed at the hotel on at least two occasions over the preceding twelve months, thereby guaranteeing that participants had sufficient experience with the hotel's services and loyalty initiatives to provide informed insights. Repeat patronage was operationalized by assessing the frequency of guests' stays, drawing on a combination of self-reported survey data and verification through hotel records, including loyalty program activity. Guests who reported or were confirmed to have stayed at least twice were classified as repeat patrons, providing a clear and measurable criterion for analysis. This methodological approach ensures that the sample comprises individuals most likely to have engaged with loyalty programs, thereby enhancing the reliability and validity of the study's findings regarding the interplay between loyalty initiatives, perceived service quality, and customer repeat patronage. Data were collected using a structured questionnaire segmented into four key sections: respondents' demographics, features of loyalty programmes, perceived service quality (using adapted SERVQUAL dimensions), and indicators of repeat patronage. To ensure the credibility of the instrument, it was validated by three experts in hospitality management and marketing. Reliability analysis using Cronbach's alpha yielded coefficients above 0.70 across all

constructs, indicating acceptable internal consistency. The data were analysed using descriptive statistics (mean scores and standard deviations) and inferential statistics, including Pearson's correlation and multiple regression analysis to test the relationships among loyalty programmes, service quality, and repeat patronage. The significance level was set at $p < 0.05$ for hypothesis testing.

RESULTS AND ANALYSIS

Out of the 123 copies of the questionnaire distributed across selected hotels in Ilorin metropolis, 117 were duly completed and returned, yielding a response rate of 95.1%.

Respondents' Demographics

Table 1: Demographic Characteristics of Respondents (n = 117)

Variable	Category	Frequency	Percentage (%)
Gender	Male	64	55.0
	Female	53	45.0
Age Group	18–24 years	20	17.1
	25–40 years	70	59.8
	41 years and above	27	23.1
Education Level	Secondary	35	29.9
	Tertiary and above	82	70.1

Source: Field Survey (2025)

The majority of respondents were within the 25–40 years' age bracket (59.8%), while 70.1% held at least a tertiary qualification.

Descriptive Analysis of Key Variables

Table 2: Descriptive Statistics of Study Variables

Construct	Mean	Std. Dev.	Interpretation
Loyalty Programmes	3.87	0.62	Moderate–High agreement
Perceived Service Quality	4.02	0.58	High satisfaction
Repeat Patronage	3.91	0.65	Positive disposition

Source: Field Survey (2025)

Regression Analysis

Multiple regression analysis was conducted to examine the effect of customer loyalty programmes and perceived service quality on repeat patronage.

Table 3: Model Summary

R	R ²	Adjusted R ²	Std. Error
0.746	0.557	0.548	0.497

Source: Field Survey (2025)

The model explained 55.7% of the variance in repeat patronage.

Table 4: ANOVA Result

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	35.32	2	17.66	71.58	0.000**
Residual	28.13	114	0.246		
Total	63.45	116			

Source: Field Survey (2025)

$p < 0.001$ confirms the model's statistical significance.

Table 5: Regression Coefficients

Predictor	B	Beta (β)	t	Sig.
Constant	0.812	–	3.14	0.002
Loyalty Programmes	0.379	0.379	5.23	0.001
Perceived Service Quality	0.481	0.481	7.11	0.000

Source: Field Survey, (2025)

Both predictors significantly influence repeat patronage, with perceived service quality ($\beta = 0.481$) exerting a stronger effect compared to loyalty programmes ($\beta = 0.379$).

The results indicate that while both loyalty programmes and perceived service quality positively influence repeat patronage, service quality remains the stronger predictor. This underscores the importance of delivering consistent, high-quality service experiences in addition to implementing loyalty schemes.

These findings align with the Expectation-Confirmation Theory, which suggests that satisfaction and perceived value drive repeat purchase decisions, and Relationship Marketing Theory, which emphasizes trust and long-term engagement as crucial to customer loyalty.

FINDINGS AND DISCUSSION

The study investigated the extent to which customer loyalty programs influence repeat patronage and how perceived service quality moderates this relationship in selected hotels in Ilorin metropolis. Based on data obtained from 117 respondents, the regression analysis showed that customer loyalty programs have a statistically significant influence on repeat patronage.

Extent of Customer Loyalty Programmes' Influence

Table 6: Regression Result for Customer Loyalty Programmes and Repeat Patronage

Predictor	B	Std. Error	Beta (β)	t-value	Sig.
Constant	1.024	0.191	–	5.36	0.000
Loyalty Programmes	0.412	0.079	0.379	5.23	0.001

Dependent Variable: Repeat Patronage

$R^2 = 0.312$, $F(1,115) = 27.34$, $p < 0.001$

The standardized regression coefficient for customer loyalty programs ($\beta = 0.379$, $p < 0.01$) indicates that these programs positively and moderately influence customers' intention to return.

This suggests that initiatives such as point-based rewards, referral discounts, membership privileges, and exclusive offers can motivate customers to revisit the same hotel, thereby enhancing customer retention.

Moderating Role of Perceived Service Quality

Table 7: Moderation Analysis (Interaction Term)

Predictor	B	Std. Error	Beta (β)	t-value	Sig.
Constant	0.821	0.172	—	4.77	0.000
Loyalty Programmes (LP)	0.315	0.074	0.289	4.26	0.000
Service Quality (SQ)	0.428	0.068	0.397	6.29	0.000
LP $\times$ SQ (Interaction Term)	0.183	0.091	0.167	2.01	0.046

Source: Field Survey (2025)

Dependent Variable: Repeat Patronage

$R^2 = 0.612$, $F(3,113) = 59.43$, $p < 0.001$

The interaction term between loyalty programs and service quality was statistically significant ($\beta = 0.167$, $p < 0.05$). This finding indicates that the effect of loyalty programmes on repeat patronage is strengthened when customers perceive service quality to be high.

Correlation Among Key Variables

Table 8: Pearson Correlation Matrix

Variable	1. Loyalty Programmes	2. Service Quality	3. Repeat Patronage
Loyalty Programmes	1	0.524	0.561
Service Quality	0.524	1	0.672
Repeat Patronage	0.561	0.672	1

Note: Correlation is significant at $p < 0.01$ (2-tailed).

The correlation matrix shows strong positive relationships between all constructs, with service quality demonstrating the highest correlation with repeat patronage ($r = 0.672$, $p < 0.01$).

DISCUSSION

In relation to the second research question, the analysis revealed that perceived service quality significantly moderates the relationship between customer loyalty programs and repeat patronage. In simpler terms, even the best-designed loyalty programs are less likely to result in repeat visits if the overall service delivery, such as staff responsiveness, room cleanliness, and hospitality, is poor. Conversely, when customers experience excellent service, the influence of loyalty schemes on their repeat behavior becomes stronger and more sustainable.

FINDINGS:

1. **Impact of Customer Loyalty Programs:** The study revealed that loyalty programs significantly enhance repeat patronage, as guests are more inclined to return when their expectations, shaped by these programs, are consistently met through high-quality service (AlSokkar et al., 2024; Sundjaja et al., 2025). This underscores that loyalty initiatives

function not only as incentives but also as mechanisms that influence customer perceptions and promote sustained engagement with the hotel.

2. **Moderating Role of Perceived Service Quality:** Perceived service quality was found to amplify the effect of loyalty programs on repeat patronage, indicating that even well-structured loyalty schemes are most effective when complemented by superior service delivery (Okoro, 2025; Okafor & Nwosu, 2025). This finding highlights the synergistic relationship between loyalty initiatives and service excellence, demonstrating that customer retention relies on the combination of meaningful rewards and consistently positive experiences.

Collectively, these findings suggest that while loyalty programs are pivotal in encouraging repeat patronage, their effectiveness is dependent on the quality of service provided. Hotels that integrate well-designed loyalty initiatives with high service standards are better positioned to foster enduring customer loyalty, aligning with the principles of Expectation-Confirmation Theory and Relationship Marketing Theory.

RECOMMENDATIONS

Drawing from the objectives and results of this study, several practical recommendations are offered to hotel managers, marketers, and policy influencers within Ilorin's hospitality industry. Firstly, hotel operators are encouraged to design and implement well-structured customer loyalty programs that are easy to understand, deliver clear value, and offer meaningful rewards. Since loyalty programs were found to significantly drive repeat patronage, initiatives like loyalty clubs, reward points, and special discounts for returning guests should be prioritized. Moreover, these programs can be further enriched by integrating incentive elements from the MICE (Meetings, Incentives, Conferences, and Exhibitions) framework. For example, offering reduced rates for conference packages to loyal clients, bonus services for frequent event organizers, and free upgrades for returning MICE attendees can stimulate repeat visits and enhance brand loyalty. Incorporating such strategies will allow hotels to target a wider clientele and foster sustained patronage.

Secondly, it is essential for hotel businesses to maintain a consistently high level of perceived service quality across all customer interactions. The findings clearly show that service quality plays a crucial moderating role in the effectiveness of loyalty programs on repeat visits. As such, attention must be given to factors like the cleanliness of rooms, professionalism and courtesy of staff, speed of service, and overall guest experience. A higher perception of service quality makes customers more inclined to participate in loyalty schemes and return for future stays.

Finally, it is advised that hotels conduct regular evaluations of both their service delivery and loyalty strategies. This can be achieved through mechanisms like guest feedback forms, satisfaction assessments, and continuous market research. Investments in workforce development, guest-centric technologies, and personalized service offerings are essential to enhancing guest satisfaction. By combining strong service quality with well-executed loyalty programs, especially those that include tailored MICE incentives, hotels can improve customer retention and gain a competitive advantage in the hospitality industry.

Limitation of Study and Areas of future Research

Although this study offers significant insights into the impact of customer loyalty programs and perceived service quality on repeat patronage in selected hotels in Ilorin, it is subject to certain limitations. The research focused solely on registered hotels within Ilorin, thereby omitting informal or unregistered establishments that might employ different strategies for customer retention. Furthermore, the study employed a cross-sectional survey and structured questionnaire, which may not adequately reflect the evolving nature of customer behavior over time. The use of self-reported data also presents a possibility of bias, potentially influencing the objectivity and reliability of the responses.

To address these limitations, future studies could adopt a longitudinal research design to observe patterns in customer loyalty and service quality perceptions over an extended period. Expanding the geographical coverage to include hotels in other cities or states would enhance the generalizability of the findings across Nigeria's hospitality industry. Additionally, incorporating qualitative methods such as interviews and focus group discussions could provide deeper insights into the emotional and psychological factors driving customer loyalty. Future research might also explore how emerging technologies, such as artificial intelligence, loyalty mobile apps, and personalized digital engagement, affect the implementation and success of loyalty programs in the hospitality industry.

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