

Factors that influence customer loyalty in hotel industry tourism essay



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INTRODUCTION

1. 1 Introduction

A hotel is an establishment that provides paid lodging on a short-term basis, which included supplying both food and lodging to the public. According to Wikipedia, the word hotel is derived from the French hotel, which referred to a French version of a townhouse or any other building seeing frequent visitors, rather than a place offering accommodation. Some hotels have gained their renown through tradition, by hosting significant events or persons. Early evidence of hotels and the hospitality industry have been recorded as far back as biblical times when Mary and Joseph arrived in Bethlehem during the census. People have traveled for commerce, religion, family, health, immigration, education and recreation, since the beginning of time. As a result of the influence of the Roman Empire, inns and hotels began catering to the pleasure traveler in an effort to encourage visitors. It was recorded that the first inn located in America was in the year 1607 and lead the way with many other firsts in the hospitality industry (The History of Hotel). The first publicly held hotel (the City Hotel) advertised in New York in 1792. The first modern hotel (the Tremont) was next opened in Boston in 1809 and the first business hotel (the Buffalo Statler) opened in 1908. It was then followed by a surge of hotels flooded America and the rest of the world with prominent names such as Radisson, Marriot and Hilton.

There are three types of hotels which included budget hotels, business hotels and luxurious hotels. The budget hotel is targeted on providing hotel with basic necessities for travelers who seek to minimize the expenses. The

business hotel provides more necessities such as internet connection, coffee
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machines, hairdryers and daily delivery of newspaper. It needs more expenses compare to budget hotel. The other type of hotel is the luxury hotel. It is targeted on providing the most comfortable service with the most expensive expenses. The hotels' room would be full of comforts, beautiful rooms with comfortable beds and bigger bathrooms. Hence, it has the higher star rating compare to budget hotel and business hotel.

1. 2 Background of Research

The hospitality industry is the fastest-growing industry in the world. It is different from other industries, especially those that produce tangible products. Hospitality is people dealing with people. Besides, hospitality industry is an umbrella industry for business which main goal is to please guests. People nowadays find various types of hotels that depend on the country's lifestyle and standard of living. The hospitality industry has transformed itself into a global industry, and, as one of the largest industries in the world, it serves as an excellent example of an industry that has transformed itself in response to changes in customer requirements and demands. The scope of hospitality industry used within this study will be hotel. Hotels that attempt to improve their market share by discounting their prices run a serious risk of having a negative impact on the hotel's medium and long-term profitability. The hotel industry is major service sector in the world economy. The industry encompasses an extensive variety of service industries that include food service, tourism and hotels. It has evolved into a highly competitive industry. Today, it has been recognized as a global industry, with producers and consumers spread around the world. The demand and supply of hospitality services in the last two decades is beyond

the traditional services intended for travelers have escalated the growth of the hospitality industry globally. This has led the hotel industry to intense competition in the market place.

Tourism has fueled incredible growth throughout the history of the hospitality industry because people love to travel and need a place to stay. It is an important source of increasing Malaysia's GDP. Travel agents have almost controlled the hospitality industry. It has become their responsibility to create customer's travel plans and offering specified rates. With the recent boom of boutique hotels, spiffed-up budget properties, and novelty accommodations, travelers can choose a hotel that is as much a selling point as the destination itself (Yashory, 2008).

The hospitality industry actually shows a sizeable amount of growth when most of the top corporations in every sector struggle to make a profit. The hospitality industry is a business sector that is worth for those who look for jobs and investment because it has provided about 21 percent of the workers in these establishments. It is about 5 times the proportion in any other industry.

Given the increasing arrivals of international tourists to Malaysia, the expectations and perceptions of service quality, customer loyalty, brand image, public relations have become the keys to a hotel's ability to differentiate itself from its competitors and to gain customer loyalty. The ever-growing volume and pace competition is one of the greatest challenges faced by hotel organizations today. Evident to professionals (Lam & Zhang, 1999; Yen & Su, 2004), customer requirements for service quality products

and service in the tourism industry has become increasingly. Therefore, a dedicated focus on customer loyalty is likely to become a necessary prerequisite for the future survival of hotel organizations. It is believed that firms can improve their profits by satisfying customers. Due to the high positive correlation between guests' overall satisfaction levels and the probability of their return to the same hotel, the long-term and reciprocally advantageous relationships between customers and the hotel is progressively important (Choi & Chu, 2011). Malaysian Association of Hotels (MAH), recorded that there has been evident growth in the hospitality sector, with the average hotel occupancy rates having risen throughout 2007, from the mid-60% range at the beginning of the year to over 70% in 3Q 2007.

This research is a study to have a better understanding on service quality, brand image, public relations, trustworthiness and perceived value on customer loyalty in the hotel industry. It can help government to identify the factors that affect the customer loyalty. It will then help to formulate better strategies to attract customers and retain them.

1.3 Problem Statement

Hospitality marketers have been long interested in the concept of brand loyalty because brands establish stability into businesses, help safeguard against competitive imitation, and allow consumers to shop with the confidence in an escalating complex world (Aaker, 1991). A service is an activity or a series of activities of a more or less intangible nature that normally takes place in the interaction between the customer and service employees or physical resources or food or systems of the service provider, which are provided as solutions to customer problems. Building and <https://assignbuster.com/factors-that-influence-customer-loyalty-in-hotel-industry-tourism-essay/>

managing strong brand image is one of the key drivers of success in the hotel industry to retain its customer's loyalty. Gronroos (1984) mentioned that image is one of the extreme importance to service firms and that to a great extent; customer's assessment of the services they received is determined by image. Public relations are also an important factor which is defined as the "management of communication between an organization and its publics" (Grunig and Hunt, 1984, p. 6.). Moreover, trust is an important construct catalyst in many transactional relationships. It has been defined as "a psychological state composing the intention to accept vulnerability based on expectations of the intentions or behavior of another" (Rousseau et al., 1998, p. 395). Holbrook and Corfman (1984) defines that perceived value is an interactive relativistic preference or, more formally, as a relativistic preference characterizing a subject's experience of interacting with some objects.

However, there is still lack of these studies in Malaysia. The media and newspaper publications and also effects of word-of-mouth towards consumers' purchasing decision were rarely discussed. It should be focused on positive or negatively publicity. This research aims to examine the relationship service quality, brand image, public relation, trustworthiness and perceived value have on customer loyalty in hotel industry. This research helps to provide a better understanding of the significance and relationship of service quality, brand image, public relations, trustworthiness and perceived value on customer loyalty in the hotel industry.

1. 4 Research Objectives

To achieve the research question, the research will focus on the associated objectives which are the following:

To study the factors that influence customer loyalty in hotel industries.

To observe the effect of service quality, brand image, public relations, trustworthiness and perceived quality on the customer loyalty in hotel industry.

To discuss empirical results, solutions and implications in developing customer loyalty in hotel industries.

1. 5 Significance of Study

The study is to factors that influence customer loyalty among the private university in Malacca's students on customer loyalty in hotel industry. The study can be used to inform policy making and decision making. The finding also can be disseminated in both academic and the public spheres. For example, we can improve on our teaching methods and materials to influence the students and to assist them to become a successful entrepreneur. (such as lecture notes and interactive CD-ROM). To facilitating greater understanding as why some people are motivated to start their own business when others in the situation that they are not. This can increase the comprehensive that could be used as the basis for more effective career advice.

Besides, this study will benefit the hotel industry as it relates to their industry and effects it may have on their customers. The records show a 65.

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5 percent in 2006 and 70 percent in 2007 in its average hotel occupancy rates which yielded a variance of 4.5 percent. The relatively high number shows the importance for the hotels to up keep their image and also pursue in positive public relations to attract and retain customers. This knowledge may assist hotel managers to implement strategies which will ensure that the hotel will receive loyalty from both existing and prospective customers.

Other than that, this research can provide information that could be a platform for a series of related research and follow-up studies. Therefore, this study may give motivation for advanced future research in the related area.

1.6 Scope of the study

The selected population of this study consists of students of Multimedia University Malacca Campus. In the process of data collection, the respondents are required to fill in the same set of questionnaire. The collected data will be analyzed using sampling method. A questionnaire was handed out to the customers to obtain their opinions and views regarding issues that influence their loyalty towards certain hotel brands. This study focuses on the perceptive viewpoint of their loyalty and awareness towards the particular line of hotel brand.

1.7 Operational Definition

Customer Loyalty

True customer loyalty can be defined as customers' resistance to competitors' offerings (Gundlach et al., 1995) and the persuasive tactics to attract new customers (Dick and Basu, 1994).

Service Quality

Quality is often associated with satisfied or preferably “delighted” customers (Bergman and Klesjo, 2003). It is the general impression of the relative of the relative inferiority or superiority of the organizations and its services (Bitner and Hubbert, 1994).

Brand Image

Image is of extreme importance to service firms and that to a great extent, customer's assessment of the services they received is determined by image (Gronroos, 1984).

Public Relation

The management function that identifies, establishes, and maintains mutually beneficial relationships between an organization and the various public on whom its success or failure depends (Cultip et al, 1985).

Trustworthiness

It is the extent to which the trustee's behavior meets with the trustor's expectations in a particular interaction (Butler 1991).

Perceived Value

A major tool to help the service provider to gain a better competitive position in the market (Woodruff 1997).

1. 8 Organizational of research

Chapter one, a basic understanding of the research is introduced. Basically it consists of definition of the topic discussed, followed by the view and perspectives worldwide. Besides, research problem and the research

objectives also introduced in this chapter. Subsequently, the justification of study is done to explain the benefits and to provide better understanding that can be gained from this study. Lastly, a brief explanation of the entrepreneurship is also included in this chapter.

Chapter two is the literature review which will attempt to present a review of which hotel industry are and identify the factors that influenced customer loyalty. This chapter is mainly about reviewing the relevant contributions from the past researches. For this chapter, articles, citations, and dissertations will be used to strengthen the points mentioned.

Chapter three is the research methodology which provides a description of the methods used in this study. It explains the types of data collected and how it was carried out to arrive at the conclusion. The descriptions on sampling data, data collection, and questionnaire development are included in this chapter.