Factors Influencing Guest's Loyalty Behavior in Hotel Industry

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ARTICLEINFO	ABSTRACT
	Across the world tourism plays a major role in development and growth of economy (Cardenas et al., 2015, Mazghouni & Goaied, 2015). Further it contributes heavily in creating employment opportunity and develops positive balance of payments (Khanna, Papadavid, Tyson & Velde, 2016). To maximize revenue in organization giving benefit to sales and return one can back upon loyal customers (Chen et al., 2016; Karjaluo et al., 2015). Majorly hotel services are divided into tangible and intangible elements which are very difficult to measure and evaluate. When compared to each other, it is easier to assess tangible element because of their visibility (Manh, 2013). Loyalty consists of behavioral (Zeithaml et al., 1996), attitudinal (Mellens et al., 1996) and composite (Hunter, 1998) dimensions. Literature shows that hotel industry has to thrive a lot to attain competitive advantage through diverse strategies (Godolia & Spaho, 2014, Manhas & Ramjit, 2011). Customer loyalty in hotel industry depends to a large extend on understanding customer preferences (Permarrupan et al., 2013). An empirical study done by Bodet (2008), verified strong connection has been identified between customer satisfaction and loyalty. Research also shows that customer satisfaction apart being based on hotel ranking is also heavily affected by quality of hotel service. This further creates positive perception which leads to customer loyalty (Kofi, 2013). Positive perception generates customer satisfaction which spreads through word of mouth (Chinomona, Sandada, 2013, Gundersen, Heide, Olsson, 1996). Current study tries to find out different factors having influence on guest loyalty which further leads towards profitability.

Keywords: Guest's loyalty, Hotel industry, Word of mouth Communication, after departure services. |

Introduction

Increasing competition along with bargaining power of customer has given hotel industry a sense that to survive they need to foster strategic relationship with special reference to customer loyalty (Reinartz and Kumar, 2000) . Every industry realizes the importance of factors leading to sustainability and urges to retain them. Loyalty is one such ace card on which Hotel Industry can back on. As explained by Kandampully and Suhartanto (2000) customer loyalty is said to be existing when customer repurchases from the same service provider and who continues to recommend or maintain a positive attitude towards the service provider. Guest loyalty is an inevitable ability for success of any hotel (Reinartz and Kumar, 2000). Customer loyalty prerequisite is a strong desire of the product by the customer and among multiple product vendors to choose the product based on their preferences (Dick and Basu, 1994; Otim and Grover, 2006). So, we can easily understand that every hotelier wants to improve customer loyalty in order to retain them. Previous studies have also proved that service quality is life blood for hotel industry (Min & Min, 1996; Shi & Su, 2007) and customer loyalty is directly a strong reason behind customer satisfaction (Han and Hyun, 2018; Jani and Han, 2014 ; Han, Barrett & Back, 2009). Many researchers say that increase in positive affective experiences and decrease in negative affective experiences have very significant role in logging industry (Han and Back, 2008; Jani and Han, 2014). Further positive influence triggers many post purchase behaviours like satisfaction, loyalty, repurchase behaviour, retention and word of mouth (Brunner et al., 2008; Oliver, 1997). Many other

studies also discuss about many different variables too. Our study tries to explore these factors which effect guest loyalty further leading to satisfaction.

Review of Literature

Whenever we talk about loyalty word of mouth is one of the significant dimensions. It is a factor which is more credible than other forms of advertising as it is direct, personal and contains independent message (Litvin et al., 2008). According to many studies consumers are the emitters (Harrison-Walker, 2001) and receivers (Silverman, 2001). Though the difference between loyalty and word of mouth is not that clear. studies do prove that loyalty comprises positive word of mouth but these two constructs need a clear differentiation as all loyal consumers use word of mouth as communication this is not evident (Sweeney et al., 2012).

Many studies related to hospitality sector indicate that perceived value and satisfaction further influencing loyalty have significant correlation to corporate image (Ryu, Han, & Kim, 2008). Some scholars state the high customer value and customer satisfaction have an impact on the firm's reputation which gradually leads towards customer retention (Hu, Kandampully, & Juwaheer, 2009; Jani & Han, 2014; Kandampully & Hu, 2007); also studies say that customers commitment towards the brand effects their behaviour and also intention to revisit same hotels again and again (Mattila, 2006). Few studies identify service quality as a consequence of hotel image (Chen & Chen, 2014) . Studies also indicate hotel image as an antecedent of customer satisfaction (Lahap, Ramli, Said, Radzi, & Zain, 2016) . Service quality given a status of global judgement (Zeithaml, 1988) also considered as an intangible factor influencing customer satisfaction ad post consumption attitude too (Brady & Robertson, 2001). Price fairness also contribute significantly in customer satisfaction (Consuegra, Molina & Esteban, 2007; Yieh, Chiao & Chiu, 2007)and several different factor can be reason for the perception of the price fairness like actual price fairness, awareness about the price , prior experiences and general knowledge about the service provider Xia, Monroe & Cox, 2004. All these factors contribute a lot this massive industry. So the aim of the research is to identify different factors influencing guest loyalty behaviour in hotel industry.

OBJECTIVE OF THE STUDY

• To identify various factors influencing guest's loyalty for selected hotels in Indore city.

RESEARCH METHODOLOGY

In accordance with the objective of the research study an organized questionnaire is set up with the assistance of accessible review of literature and discussion with specialists from industry. An aggregate 20 items were chosen at first however two items were totally deleted utilizing Delphi method. At last questionnaire with 18 items was structured. The information was gathered on 5 point Likert scale where '1' indicates strongly disagree and '5' as strongly agree. To the extent universe of the population is concerned every one of the hotels of Indore region are incorporated however for sample only 3 star and 3 star deluxe hotels are taken.

ANALYSIS AND DISCUSSION

Factor analysis is performed on the data collected. A good value of KMO (Table: 1) signifies that data is fit for performing factor analysis and all 18 items pertaining to the factors having loading greater than 0.5.

TABLE: 1 KMO Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.791
Bartlett's Test of Sphericity	Approx. Chi-Square	4812.321
	Df	151
	Sig.	0.000

Factor 1: First factor is associated with Satisfaction level, word of mouth recommendation and similarity between hotel's and guests' values. It contains five items out of which first and fourth items are related with the satisfaction received from products and services offered by hotel and happiness of guests whereas second and third items are showing the effectiveness of staff in meeting expectations and their dedication. The last item is indicating toward the similarity between hotel's and guests' expectations. The factor is contributing Eigen value of 4.671 and variance percent of 25.950.

Factor 2: Representing 16.643 per cent of variance and with an eigen value of 2.966, items which are part of the second factor are reputation and ambience of the hotel, complaint handling strategies adopted, Price charged and mails and messages sent by hotels to guests on different occasions.

Factor 3: The third important factor is about loyalty programmes and after sales services provided by the hotel. The items included in this factor are 'Loyalty programmes for frequent guests', 'after departure services of the hotel' and up gradation facilities provided by the hotel. This factor is explaining 10.136 per cent of variable and having an Eigen value of 1.824.

TABLE: 2 IMPORTANT DIMENSIONS OF LOYALTY

	Factor Loadings				
	1	2	3	4	5
Factor 1: Satisfaction, Recommendation and Staff effectiveness					
Satisfaction from products and services provided by hotels	0.946				
Effectiveness in meeting expectations	0.943				
Word of mouth recommendations	0.939				
Dedication of the hotel staff	0.872				
Happiness with the hotel	0.689				
Similarity between hotel and guests' values	0.640				
Factor 2: Reputation and price charged					
Reputation of the hotel		0.815			
Complaint handling strategies of hotel		0.715			
Price charged by the hotel		0.711			
Mails by hotel on different occasions		0.710			
Ambience of the hotel		0.622			
Factor 3: Loyalty Programmes and after departure services					
Hotel Provides loyalty programme for frequent guests			0.713		
After departure services of the hotel			0.699		
Up gradation facilities provided			0.590		
Factor 4: Credibility of the Hotel					
Credibility of the hotel				0.742	
Promises kept by the hotel				-0.669	
Factor 5: Guest History					
Recognition by hotel on repeat visit of guests					0.802
Information of new schemes to past guests					0.539
Variance Percent	**25.950**	**16.643**	**10.136**	**9.655**	**7.584**
Eigen Value	**4.671**	**2.966**	**1.824**	**1.738**	**1.365**

Factor 4: With an Eigen value of 1.738 the factor is having two items 'credibility of the hotel' and 'Promises kept by the hotel'. The said factor is explaining 9.655 per cent of variance.

Factor 5: The last and final factor is linked with maintaining guest history and the items like recognition of guests by hotel on his/her repeat visit and information provided to guests about new schemes and offers introduced by hotel. The Eigen value is 1.365 and factor is explaining 7.584 per cent of variance.

FINDINGS:
The results showed that factors like Satisfaction, recommendation and staff effectiveness, Reputation and price charged , Loyalty programs and after departure services, Credibility of the Hotel, and Guest history were influenced on guest's loyalty. It was observed that customer satisfaction is a precedent of loyalty and also word of mouth communication and recommendation is also important in this regard. Further it was depicted that loyalty programs, after departure services and recognition of guests on their repeat visit also play a very critical role in developing loyalty toward the organization.

CONCLUSION

The Hotel Industry in particular has in recent years become more interested in developing loyal guests mainly because loyal guests are less likely to switch on to other hotels that leads to his repeat visits. Besides this loyal guests offer a strong word of mouth, make a business referrals and publicity which ensures sustainability of the organization and accomplishment of its objectives. Earlier researches have too reflected that study on guests loyalty has become very decisive in today's competitive marketing situation. Therefore, the researcher tried to examine the various factor affecting this very important issue i.e. loyalty. It was observed that customer satisfaction is a precedent of loyalty and also word of mouth communication and recommendation is also important in this regard. Further it was depicted that loyalty programmes, after departure services and recognition of guests on their repeat visit also play a very critical role in developing loyalty toward the organization. Though the study has its limitation regarding sample and universe size but it can help the management of the hotels to find out the new ways to satisfy their guests and converting them to their loyal ones. It also will provide new directions to the future researchers to take up this important issue in various dimensions.

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