FACTORS INFLUENCE CUSTOMER LOYALTY IN HOTEL INDUSTRY

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ABSTRACT

There is no doubt that hotel industry develops very fast in modern society and becoming a global industry. More and more people rely on hotel when they are travelling, doing business, visiting friends and relatives and so on. With the intense competition, how to attract customers and what factors influence customers’ loyalty seem to be the main consideration for hotel industry. Thus, the main objective of this research is to examine factors influence customer loyalty in China’s hotel industry. Review of the previous gaps in literature concluded that three predictors were counted as major contribution for customers’ loyalty namely perceived value, service quality, and brand image. Besides, customers’ satisfaction also postulated to mediate such relationship. A survey among 200 respondents from three star rating hotel in Hebei province, China, indicated that brand image has significant relationship on customer satisfaction and loyalty. As postulated, customer satisfaction also partially mediate the relationship between brand image and customer loyalty. Though, it is not statistically significant, hotelier simply cannot ignore the importance of service quality and perceived value because it is part and parcel of brand image indicators. Future research should focus on huge sample that cover other star rating hotels and China province to have better generalization on understanding predictors of customer loyalty in China’s Hotel.

Key word: hotel industry, customer loyalty, customer satisfaction, brand image, service quality, perceived value
ABSTRAk


Kata kunci: industri perhotelan, kesetiaan pelanggan, kepuasan pelanggan, imej jenama, kualiti perkhidmatan, nilai tanggapan
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CHAPTER ONE
RESEARCH OVERVIEW

1.0 Introduction

In the fierce competition in the hotel industry, products and services have been given the status of “commodity” (Mattila, 2006), hotel managers need to find a way to make special product and service in hospitality industry. So in this way, customer’s satisfaction seems an important key to achieve success.

Competition seems increasing fierce. Based on MKG Hospitality’s 2014 Global Hotel Rankings, branded hotels grew by 3.2% in 2013. In 2014, most major hotel groups grew between one and three percent. With this huge number of competition and the services provided were almost similar to each another, customer loyalty has become one of crucial aspect of sustainable competitive advantage. This is because, customers’ loyalty recognized as one of the effective ways to maintain and retain the customers (Yoo & Bai, 2007). Moreover, today’s consumers become more demanding and had more bargaining power (Sennou, 2006), thus tremendously affect hotel’s ability to maintain their customers.

Academic literatures suggested that organization could attain their business sustainability specifically through customer satisfaction and loyalty (Kumar & Shah, 2004; Verona & Prandelli, 2002). Customer loyalty could be reflected by the customer behavior such as involve in positive word-of-mouth, less price sensitive, repurchase intention and provide positive feedback. With such benefits gained from loyal customer, maintain and sustaining customer predominantly important especially in highly competitive hotel industry. This is because finding new
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