

## **Antecedents of Customer Loyalty in the Malaysian Hotel Industry**

**CHENG Boon Liat\***

Sunway University Business School, Sunway University  
No. 5, Jalan Universiti, Bandar Sunway,  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.  
Email: boonliatc@sunway.edu.my

**LEW Kaung Chiau**

Faculty of Business, Communications and Law, INTI International University  
PersiaranPerdana BBN, Putra Nilai, 71800 Nilai, Negeri Sembilan,  
Malaysia.  
Email: kaungchiau@gmail.com

### **Abstract**

*Creating and maintaining customer loyalty is critical for the sustainability of a hotel in a competitive environment. This research aims to examine factors that influence customer loyalty in the Malaysian hotel industry. Quantitative research approach has been adapted in this research by distributing questionnaires to 200 respondents at Kuala Lumpur International Airport (KLIA) during the survey period. Findings of this research have discovered that perceived service quality, perceived value, customer satisfaction and corporate image are the significant factors in predicting customer loyalty. Trust, on the other hand is not significant in predicting customer loyalty in the hotel industry in Malaysia. Findings of this research provide hotel operators with a better understanding on factors that could lead to customer loyalty, which subsequently will enable them to direct effective hotel services strategies to enhance their long-term business growth by building up a strong and loyal client base.*

**Keywords:** *perceived service quality, perceived value, customer satisfaction, corporate image, trust, customer loyalty.*

### **1. Introduction**

As the third largest global industry, tourism has been a main source of income to the economy of many countries around the world. In 2014, Malaysia attracted 27.4 million tourist arrivals as compared to 10.2 million in 2000 (Tourism Malaysia, 2015), showing that the number of tourists visiting Malaysia has increased dramatically. Such tremendous growth is mainly due to the continuous efforts of Tourism Malaysia in promoting Malaysia as an outstanding tourist destination. In the tourism sector, the hotel industry plays a key role in improving tourism and contributing to the economic growth. Since 2000, the number of hotels in Malaysia has grown from 1,492 to 2,628 in May 2014 (MAH, 2015; Tourism Malaysia, 2015), indicating that Malaysian hotels have been actively expanding their business as a result of the remarkable growth in tourism industry in the country, in order to compete for a larger market share. Hence, effective strategies are essential to develop loyalty and enhancing visitors' interest to revisit Malaysia (Poon and Low, 2005).

The United Nations World Tourism Organisation (UNWTO) projected that Malaysia is likely to be in the list of top five most wanted international tourist destinations by 2020 (Carvalho, 2011). As such, more hotels are needed to be constructed to cater to the rising number of visitors to this country. Creating and maintaining

customer loyalty is critical to sustaining a hotel in a competitive environment. According to Han and Back (2008), attracting a new customer can cost 10 times more than retaining an existing customer. Thus, businesses have begun to move away from the long accepted strategy of trying to gain new market share, to a more long-term and profitable approach of building customer loyalty (Donnelly, 2009). A review of previous studies (e.g., Ali, Omar and Amin, 2013; Cheng, Mansori and Cham, 2014; Jani and Hanb, 2014) revealed that among the factors that could lead to customer loyalty in the hotel industry are: loyalty programme, word-of-mouth, perceived service quality, perceived value, corporate image, customer satisfaction and trust. Based on these literature reviews, the current research aims to examine the impacts of perceived service quality, perceived value, customer satisfaction, corporate image and trust on customer loyalty in the hotel industry in Malaysia. The findings of this research enable hotel operators to gain long-term customer loyalty with implementation of effective hotel services strategies.

## **2. Literature Review**

### **2.1 Customer Loyalty**

Loyalty is an old-fashioned word that is used to describe an affinity or a devotion to a country, a cause of an individual. In the context of business, customer loyalty refers to customer's willingness to continue patronizing a company over a long period of time and recommending the company's products and services to friends and associates (Lovelock and Wirtz, 2011). Loyal customers do not switch for small variations in price or service and will also provide enthusiastic referrals to others (Reichheld, 2002). Previous researchers found a positive relationship between customer loyalty and the corporate performance of a company (Lovelock and Wirtz, 2011; Sher and Ahmad, 2011). A firm can benefit from reduced marketing costs, increased sales and reduced operating costs if its customers are loyal. Hence, in the hotel industry, one of the keys to becoming a successful hotel operator is to build customer loyalty by retaining their customers (Edwin and Sheryl, 2013).

Sheth and Mittal (2004) described customer loyalty in the hotel industry as a commitment to the brand of a hotel based on a strong favourable attitude and manifested in consistent re-patronage. In other words, a loyal customer will not be prone to patronize or switch to another hotel for the same service. In view of the strong growth of tourism in Malaysia, many research have been conducted to better understand the customer loyalty in the hotel industry (e.g., Cheng, Mansori and Cham, 2014; Maria and Kamarulzaman, 2012). In addition to the previous studies in this topic, this research proposes a conceptual model to examine the influences of perceived service quality, perceived value, customer satisfaction, corporate image and trust on customer loyalty in the Malaysian hotel industry.

### **2.2 Perceived Service Quality and its Relationship with Customer Loyalty**

According to Parasuraman and Zeithaml (2006), service quality is defined as the degree and direction of discrepancy between customers' service perceptions and expectations. Meanwhile, service quality refers to the extent to which a service meets customers' needs or expectations. If the perception of a service is higher than the expectation of the customer, the formal is deemed to be high quality. Conversely, if the expectation of the service is higher than perception, a customer will feel that the service delivered is low quality. Delivering service quality is an essential strategy for survival in the competitive business environment of today (Singla and Singh, 2008). Cheng and Zabid (2013) asserted that in a competitive environment, one of the most important tasks for hotel industry is to provide quality service to meet customer expectations. An excellent service quality enables a firm to differentiate itself from its competitors, gain a sustainable competitive advantage, enhance efficiency and facilitate future expansion. Service quality is a way to manage business processes in order to ensure total

satisfaction to customers (Gržinić, 2007). It is an approach that is closely related to the profit and revenue of business organizations. In the service industry, an increase of 5% in customer loyalty can increase profit between 25% and 85% (Kerin, Hartley and Rudelius, 2009).

Unlike the manufacturing industry, evaluation of service quality in the service industry is more complex due to the four dominant features of the service industry; namely intangibility, inseparability, heterogeneity and perishability. Ladhari (2008, 2009) asserted that service quality is a critical success factor to differentiate a firm from its competitors. Good service quality enables a firm not only to retain customers but also acquire new ones, which contributes to higher profitability as well as cost reduction. Previous research has shown that service quality has a direct effect on customer loyalty (Cheng and Zabid, 2013; Parasuraman, Zeithaml and Malhotra, 2005; Ho, 2007); in addition, Wong and Sohal (2003) found a positive relationship between service quality and customer loyalty. Baker and Crompton (2000) found that service quality was not only positively related to customer loyalty, but customers are also willing to pay more for exceptional service. Based on the above discussion, the following hypothesis is developed:

*H1: Perceived service quality has a positive impact on customer loyalty*

### **2.3 Perceived Value and its Relationship with Customer Loyalty**

The concept of perceived value began to get the attention of researchers in the 1980s. Zeithaml (1988) defined perceived value as a consumer's overall assessment of the utility of a product based on his/her perceptions of what is received and what is given. Zeithaml and Bitner (2000) suggested that perceived value is a result from pre-purchase expectation, evaluation during the transaction and post-purchase assessment. In other words, perceived value is an evaluation by customers of an offering, based on the perception of what is received at what cost. Brady and Cronin (2001) stated that the future behaviours of customers such as intention to repurchase and word-of-mouth recommendations are driven by their value perceptions. They proposed that the affective responses of consumers are directly related to perceived value in high experiential service.

Several studies had recognized perceived value as one of the most important drivers of customer loyalty (e.g., Kanagal, 2009; Ali, Omar and Amin, 2013; Zeithaml and Bitner, 2000). It is an essential method to enable a firm to build competitive advantage (Kanagal, 2009). Krasna (2008) made the assertion that perceived value is crucial for customers not only for returning to the same hotel but also make recommendations to their friends and relatives. Ramanathan and Ramanathan (2011) found that "value for money" as a critical attribute in shaping customers' intention to stay with the same hotel again. When a customer is making the decision of whether to return to the service provider, he/she is likely to consider whether or not they received "value for money." Krasna (2008) found that one of the reasons why a hotel guest returns to the same hotel is due to the combination of offered services and customized package. Asian travellers are more budget conscious and will look for ways to buy more for less (Choi and Chu, 2000; Poon and Low, 2005). In other words, Asian travellers are more interested about value for money and have a tendency to demand the right combination of quality, fair prices and good services. Therefore, hotels should provide sufficient evidence to ensure that customers perceive good value for money in using their service (Ramanathan and Ramanathan, 2011). In order to testify the impact of perceived value on customer loyalty, the second hypothesis of this research is developed as below:

*H2: Perceived value has a positive impact on customer loyalty*

### **2.4 Customer Satisfaction and its relationship with customer loyalty**

Gupta and Zeithaml (2006) defined customer satisfaction as the evaluation of the product or service whether it has met their needs and expectations. Satisfaction is associated with the feelings of pleasure that make a customer feels good or a sense of happiness. Based on the previous studies on customer satisfaction (Dominici and Guzzo, 2010; Olurunniwo, Hsu and Udo, 2006), four constructs that were developed to explain the assumption of satisfaction/dissatisfaction are expectation, performance, disconfirmation and dissatisfaction. The expectancy disconfirmation theory which was developed by Oliver (1980) is one of the most widely used conceptualizations of customer satisfaction. The theory proposed that satisfaction level is a result of the difference between expected and perceived performance. If the perception meet or exceed their expectations, the customer will be satisfied (Kotler and Armstrong, 2010). Conversely, if the customer feels that their expectations are not met, then they will feel dissatisfied, or a negative disconfirmation. In other words, customer satisfaction is a result of comparison of service performance and expectation.

Satisfaction can be determined by subjective factors such as customer needs and emotions and objective factors such as product and service features (Holjevac et al, 2010). Pizam and Ellis (1999) articulated that not everyone get the same satisfaction out of the same experience because customers have different needs, objectives and past experiences. Choi and Chu (2001) found that staff quality, room qualities and value are the three most important factors that determine the satisfaction of travellers. In the competitive hotel industry, individual hoteliers must be able to satisfy their customers better than their counterparts.

Customer satisfaction is an objective that hotel operators must continually strive to meet with their guests or customers (Liang, 2008). Previous research found that satisfaction has a direct influence on customer loyalty (Cheng and Zabid, 2013). The satisfied customers will have future intention of visiting a hotel on a long-term basis (Abbasi, Khalid, Azam and Riaz, 2010), thus influencing customers' intention to re-patronage a hotel (Edwin and Sheryl, 2013; Fen and Lian, 2010). Hence, in order to be successful, the hoteliers must implement effective policies of customer satisfaction to retain their existing customers (Dominici and Guzzo, 2010; Ali and Amin, 2014). However, some researchers found that satisfied customers are not necessarily loyal (Skogland and Siguwaw, 2004; Bennet and Rundel, 2004). Nevertheless, according to Cheng and Zabid (2013) satisfaction will foster loyalty to the extent that it is a prerequisite for maintaining a favourable attitude and for recommending and repurchasing from the same company. True loyalty is created when the customer becomes an advocate for the company, without incentive (Anderson and Jacobsen, 2000). In order to examine the influence of customer satisfaction on customer loyalty in the hotel industry in Malaysia, the following hypothesis is formulated as below:

***H3: Customer satisfaction has a positive impact on customer loyalty***

## **2.5 Corporate image and its relationship with customer loyalty**

Corporate image has been defined by Balmer (1998) as an association of meanings connected with an organisation. According to Brown, Dacin, Pratt and Whetten (2006), the image of a firm is the impression that is created in the mind of consumers and is related to tangibles and behavioural attributes. A corporate image is generally associated with the business name, the product variety, architecture, tradition and ideology of a firm. It is the sum of beliefs, ideas and impressions that a consumer has on an organisation (Tang, 2007). Besides, the key elements of corporate image including the company logo and the price that a firm charges for its product and services (Kwek, Yeong and Hiew, 2011). In short, corporate image demonstrates the consumers' perceptions of the brand and what they know or believe about an organisation.

As early as in the 1990s, several researchers had found a linkage between corporate image and customer loyalty (Balmer, 1998; Heung, Mok and Kwan, 1996). Kandampully and Suhartanto (2000) indicated that the image of

a hotel is an important factor in determining a customer’s intention to repurchase and recommend, thus playing a major role in customer loyalty. As customers’ demands become more sophisticated and competition becomes more intense, hotel managers are poised with a new challenge of retaining their existing customers in order to stay relevant. Thus, a dedicated focus on customer loyalty is necessary for the future survival of hotels (Cheng, Mansori and Cham, 2014; Kandampully and Suhartanto, 2000). Kandampully and Hu (2007) argued that corporate image is an important factor that will enhance customer loyalty. Furthermore, Kandampully and Suhartanto (2000) identified that the performance of housekeeping, reception, food and beverage impacts the image of a hotel and is positively correlated to customer loyalty. Their study concluded that the image of a hotel is an important factor that determines customer’s intention to repurchase, to recommend and exhibit loyalty. With reference to the discussion above on corporate image and customer loyalty, the forth hypothesis is developed as below:

*H4: Corporate image has a positive impact on customer loyalty*

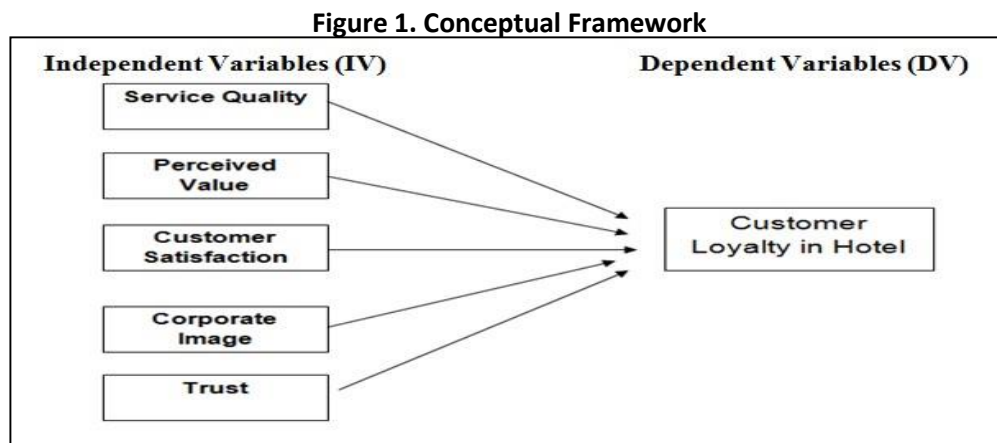
**2.6 Trust and its relationship with customer loyalty**

Whether for business–to–business market or business–to–consumer market, trust has been viewed as one of the most important elements in the creation of successful relationships. It plays a critical role in reducing uncertainty in consumers’ purchase decision. Martínez and Bosque (2013) described trust as a willingness by consumers to believe that a firm will act responsibly. Trust is a living element in a relationship and can grow in strength through successful interactions or diminished to the point of extinction by a failure to deliver (Pitta, Franzak and Fowler, 2006). Service provider that manages to reduce the doubt and feeling of uncertainty will be able to increase customer loyalty. Furthermore, the link between trust and loyalty has also been emphasised by Peppers and Rogers (2004), who stated that loyal customers buy more and pay a premium with those they trust.

Delgado and Munuera (2001) empirically found that brand trust has a direct effect on customer commitment. It also indirectly affects the level of price tolerance. Reichheld, Markey and Hopton (2000) found that a 5% increase in retention rates of customers can boost profit between 25% and 95% in many companies. In this regards, trust plays an important role in creating integrity which, in turn, contributed to the establishment of a long-term relationship between a customer and a hotel service provider (Martínez and Bosque, 2013). With these supports, the following hypotheses will be tested in an effort to assess its relevance:

*H5: Trust has a positive impact on customer loyalty*

Based on the discussion above, a research framework has been developed as shown in Figure 1.



(Source: Cheng, Mansori and Cham, 2014; Kayaman and Arasli, 2007; Skogland and Siguaw, 2004)

### 3. Methodology

A combination of descriptive and explanatory research was designed to fulfil the key purpose of this research. Quantitative research approach was employed to test the proposed hypotheses and determine the reliability and validity of the variables. The survey-based method was adopted for this research, which aims to identify the determinants of customer loyalty in the hotel industry in Malaysia. Primary data was collected through self-administered questionnaires, the sampling units were 200 guests who stayed overnight at any hotels in Malaysia during the survey period. The questionnaires were distributed in the public area of Kuala Lumpur International Airport (KLIA) by using convenience sampling method. There were two criteria for the selection of respondents for this research, whereby the respondents must be above 18 years old and have stayed for at least one night in any hotel during their visit.

The measurement items of the variables were adopted from the related research (Cheng, Mansori and Cham, 2014; Kayaman and Arasli, 2007; Skogland and Siguaw, 2004). A 5-Point Likert scale ranging from “1=Strongly Disagree” to “5=Strongly Agree” was used for all variables. Prior to the full-scale survey, a pilot study was conducted to obtain the feedback on the questionnaire design; and changes were made to improve the clarity of the questionnaire. Besides, the values of Cronbach’s Alpha for the scales and measurements adopted from the related literature were ranging from 0.759 to 0.902, indicating these values were considered acceptable and reliable for further statistical analyses (Hair et al, 2010). The data collected through questionnaire survey was analysed according to the research objectives with statistical tools in the Statistical Package for the Social Science (SPSS) software.

### 4. Results and Discussion

#### 4.1 Sample Characteristics

A total of 192 usable data have been used for further analysis. Out of 192 respondents, 93 (48.4%) are male and 99 (51.6%) are female. The majority of respondents are 35 years or below (77%) and single (66.1%). Most of them have a monthly household income that is lesser than RM 5001 (60.4%) and only 36 respondents (18.8%) have more than RM8000. Furthermore, respondents are mostly well educated as 85.9% of them completed their higher education. In terms of employment status, 65 respondents (33.9%) are self-employed, followed by students with 56 respondents (29.2%). The length of stay in Malaysia among the respondents is relatively short as they stay for only 1 to 3 days, with the percentage of 86.5%. Only 26 respondents (13.5%) stay for more than 3 days. The data sample is equally divided among Malaysian and foreign respondents (50.5% and 49.5% respectively). Lastly, most of them visiting Malaysia are for leisure purposes (61.5%), and the rest are either in Malaysia to visit friends and relatives (19.5%) or conduct business (18.7%).

#### 4.2 Reliability Test

**Table 1. Results of Reliability Test**

Variables	Items	Cronbach’s Alpha
Customer Loyalty	9 items	0.869
Perceived Service Quality	10 items	0.902
Perceived Value	4 items	0.751

Customer Satisfaction	4 items	0.872
Corporate Image	4 items	0.835
Trust	3 items	0.754

Cronbach’s Alpha was used to measure the reliability for each variable in this study. The measure of internal consistency reports how closely related a set of items are as a group in a specific variable.

According to Hair et al (2010), a Cronbach’s Alpha value that is greater than 0.70 is considered acceptable. As shown in Table 1, the Cronbach’s Alpha values for six variables are: customer loyalty (0.869), perceived service quality (0.902), perceived value (0.751), customer satisfaction (0.872), corporate image (0.835) and trust (0.754). Overall, the Cronbach’s Alpha values for all the variables are above the value of 0.70 suggested by Hair et al (2010), indicating that each variable has met the statistical requirement for further analyses.

### 4.3 Hypothesis Analysis and Discussion

Table 2. Results of Analysis

Hypothesis	Beta	T value	Sig Level	Decision
H1: Service Quality → Customer Loyalty	0.342	3.944	0.000**	Supported
H2: Perceived Value → Customer Loyalty	0.302	3.287	0.001**	Supported
H3: Customer Satisfaction → Customer Loyalty	0.198	2.347	0.020*	Supported
H4: Corporate Image → Customer Loyalty	0.324	3.864	0.000**	Supported
H5: Trust → Customer Loyalty	-0.085	-1.031	0.304	Not Supported

Notes: R2 = 0.574, Adjusted R2 = 0.563, F = 50.203, sig. = 0.000; \* Significant at the 0.05 level (2-tailed); \*\* Significant at the 0.01 level (2-tailed)

The aim of this research is to better understand the factors that influence customer loyalty in the hotel industry in Malaysia. Multiple regression analysis was used to assess the formulated hypotheses in this research. As shown in Table 2, the t value of 3.944 (sig. = 0.000) and coefficient of 0.342 show that perceived service quality (PSQ) has a positive significant influence on customer loyalty at the 1% significance level. The beta value of 0.291 indicates that service quality is the most important predictor to customer loyalty. Therefore, hypothesis 1 is supported. The findings from this research is consistent with many previous research (e.g., Mohsin and Lockyer, 2010; Cheng and Zabid, 2013) that service quality attracts the attention of hotels worldwide because it reflects their standard of service offered, subsequently influencing customer’s re-patronage intention staying at the same hotel. Similarly, Fazaneh and Jamil (2011) pointed out that when there is an improvement in service quality, the performance of a hotel would also improve. Furthermore, service quality tend to be perceived positively by customers if the hotel is perceived as comfortable and luxurious, thus influences customers’ future decision to stay at the same hotel again (Cheng, Mansori and Cham, 2014; Mohsin and Lockyer, 2010). Based on these findings, hotel operators should implement measures that are not only able to maintain but also to improve the perception of service quality at their hotels.

Secondly, as presented in Table 2, the t value of 3.287 (sig. = 0.001) and coefficient of 0.302 show that perceived value (PV) has a positive significant influence on customer loyalty at the 1% significance level. The beta value of 0.220 indicates that it is the third most important predictor to customer loyalty. Therefore, hypothesis 2 is supported. As shown in Table 2, the result from this research is consistent with findings from previous research (e.g., Ali and Amin, 2014; Choi and Chu, 2000) that the level of perceived value has an impact on hotel loyalty. Furthermore, to make their money worth, Asian travellers were more concerned with the price offered by hotels and would look for ways to get more services for less money (Poon and Low, 2005). The findings from the

multiple regression analysis also support the second hypothesis showing that perceived value has a positive relationship with customer loyalty. Reinforced by Krasna (2008) stating that that perceived value plays a critical role in determining customers' intention to return and make recommendations to their peers, family members and relatives. As argued by Poon and Low (2005), the pricing of services offered by hotels is an important element to gain customers' loyalty. This is particularly true if the target market of a hotel is Asian travellers, who are more cost-conscious as compared to western travellers (Choi and Chu, 2000). Hence, special emphasis on value delivery has to be given to customers, such as customising the offerings in a hotel that will enhance the experience of customer, so that it is something worth remembering during his/her stay.

Thereafter, with reference to Table 2, the t value of 2.347 (sig. = 0.020) and coefficient of 0.198 show that customer satisfaction (CS) has a positive significant influence on customer loyalty at the 5% significance level. The beta value of 0.189 indicates that it is the fourth most important predictor to customer loyalty. Therefore, hypothesis 3 is supported. The result from this research is consistent with findings from several previous studies (e.g., Edwin and Sheryl, 2013; Ali and Amin, 2014) which testified that customer satisfaction has a significant influence on customer loyalty in the hotel industry. Moreover, Bowen and Chen (2001) made the assertion that a small increase in customer satisfaction gave a big boost to customer loyalty, which in turn played a critical role in the retention of customers and influences their decision to seek the service of the same hotel in the future. Apart from perceived service quality and perceived value, customer satisfaction was also found to be an important determinant of customer loyalty, supported by the results of analysis. This finding coincides with Oliver's (1997) assertion that loyalty is not inherent in customers, but they exhibit loyalty due to the influence of price, quality and satisfaction with a purchase. Perception of service quality and perceived value will also determine how satisfied a customer is. Striving to improve the satisfaction level of customer is one the ultimate targets of any hotel as they fight to gain a competitive advantage in an increasingly globalised environment (Cheng and Zabid, 2013).

In addition, as shown in Table 2, the t value of 3.864 (sig. = 0.000) and coefficient of 0.324 show that corporate image (CI) has a positive significant influence on customer loyalty at the 1% significance level. The beta value of 0.265 indicates that it is the second most important predictor to customer loyalty. Therefore, hypothesis 4 is supported. The result is consistent with earlier studies (e.g., Cheng, Mansori and Cham, 2014; Kandampully and Hu, 2007; Minkiewicz, Evans, Bridson and Mavondo, 2011), by which corporate image has an impact on customer loyalty. Moreover, Kandampully and Suhartanto (2000) found that the corporate image of a hotel is an important factor that influences the decision of hotel guests to repurchase, recommend and loyalty. As stated by Kandampully and Suhartanto (2000), a corporate image that is desirable leads to a positive evaluation of the service experience. Consequently, a customer will also exhibit loyalty by spreading the superior experience encountered to their friends and family members (Ladhari, 2009).

As stated in Table 2, the t value of -1.031 (sig. = 0.304) shows that trust does not significantly influence on customer loyalty in the Malaysian hotel industry. Therefore, hypothesis 5 is not supported. The result is in contrast with earlier findings from Liang (2008) found that trust has a positive impact on customer loyalty. However, it should be noted that the study by Liang (2008) was conducted in the United States. In the context of the hotel industry in Malaysia, Raemah et al (2011) found that trust did not significantly influence customer loyalty due to the influence of context and cultural background of respondents.

## **5. Limitations and Future Studies**

This research attempts to better understand the drivers of customer loyalty in the hotel industry in Malaysia. However, there are some limitations with regard to the data collection method, time frame and the variables,



which provide opportunities for future research. Firstly, future research can be carried out on visitors to Malaysia who are using different mode of transportations such as trains and express buses. Also, future researchers are suggested to target respondents staying in different class of hotels and make a comparison among those hotels. For example, a comparison of the perception of service quality can be made between those who stay at luxury class hotels, such as four–star and five– star hotels, and budget class hotels, such as one–star and two–star hotels. This would potentially provide a better understanding of behavioural intention between budget travellers and those who stayed at luxurious hotels. Secondly, this research could also be repeated in other developing countries such as Indonesia, Thailand, Philippines and Vietnam to discover and investigate the factors that influence customer loyalty in different geographical areas. These would enhance the representativeness of the results in other developing countries in the region of south–east Asia.

Furthermore, the replication of this research in other sectors of the service industries such as restaurants, airlines and travel agencies could also be interesting in order to understand how customers develop loyalty across the service industries. Thirdly, the data used in this research was collected using the cross–sectional method. Future research may benefit from using a longitudinal study that is useful to gain a deeper understanding on the factors that influence customer loyalty over an extended time frame. A larger sample size is recommended for future research to verify the findings in this study. Finally, future research can also focus on other variables that are not included in this research. For example, future researchers could add other variables such as loyalty programme and service fairness into a research model. It could possibly produce a more extensive explanation of the factors that influence customer loyalty in the hotel industry.

## **6. Conclusion**

The conclusion of this research can be summarised as: (1) perceived service quality has a significant influence on customer loyalty; (2) perceived value has a positive significant influence on customer loyalty; (3) customer satisfaction has a positive significant influence on customer loyalty; (4) corporate image has a significant influence on customer loyalty. Moreover, perceived service quality was found to be the most significant factor that influences customer loyalty. Although this research found that trust does not have a significant influence on customer loyalty, prior studies (e.g., Ball, Coelho and Machás, 2004; Schlosser, White and Lloyd, 2006) found that trust may contribute to loyalty because a customer is unlikely to value and maintain a relationship with a business entity if he/she does not trust them.

Creating and implementing a customer loyalty program in the Malaysian hotel industry is essential for sustaining a hotel in a competitive environment. These programs provide real value and turn hotel guests into brand advocates. Effective strategies are vital in developing customer loyalty and building up the intention among visitors to revisit Malaysia. From the theoretical and managerial implications of this research, it provides empirical supports and recommendations to hotel operators to stay relevant in a competitive and challenging environment in the hotel industry. From the theoretical perspective, the determinants and factors that influence customer loyalty are service quality, perceived value, customer satisfaction and corporate image. The findings of the managerial implications showed that customer expectations, value for money, customer satisfaction and corporate image influence customer loyalty. Future research can be conducted in understanding customer loyalty in the hotel industry of Malaysia. Researchers can expand the scope of their methodology and go beyond their traditional mode of operation by venturing into other sectors of the service industries.

## **References**

- Abbasi, A. S., Khalid, W., Azam, M. and Riaz, A. (2010), "Determinants of Customer Satisfaction in Hotel Industry of Pakistan", *European Journal of Scientific Research*, Vol.48, No.1, pp. 97-105.
- Ali, F., and Amin, M. (2014), "The Influence of Physical Environment on Emotions, Customer Satisfaction and Behavioural Intentions in Chinese Resort Hotel Industry", *Journal of Global Business Advancement*, Vol. 7, No. 3, pp. 249 - 266.
- Ali, F., Omar, R., and Amin, M. (2013), "An Examination of the Relationships between Physical Environment, Perceived Value, Image and Behavioural Intentions: A SEM Approach towards Malaysian Resort Hotels", *Journal of Hotel and Tourism Management*, Vol. 27, No. 2, pp. 9 - 26.
- Anderson, H., and Jacobsen, P. (2000), "*Creating Loyalty: Its Strategic Importance in Your Customer Strategy*", John Wiley: Ontario, Canada.
- Baker, D.A., and Crompton, J.L., (2000), "Quality satisfaction and behavioural intentions", *Annals of Tourism Research*, Vol.27, No.3, pp.785 – 804.
- Ball, D., Coelho, P. S., and Machás, A. (2004), "The role of communication and trust in explaining customer loyalty: An extension to the ECSI model", *European Journal of Marketing*, Vol.38, No.9/10, pp.1272 – 1293.
- Balmer, J. M. T. (1998), "Corporate Identity and the Advent of Corporate Marketing", *Journal of Marketing Management*, Vol.14, No.8, pp. 963 – 996.
- Bennet, R., & Rundle, T. S. (2004), "Customer Satisfaction Should Not Be the Only Goal", *Journal of Service Marketing*, Vol.18, No.7, pp. 514 – 523.
- Bowen, J. T., and Chen, S. (2001), "The Relationship between Customer Loyalty and Customer Satisfaction", *International Journal of Contemporary Hospitality Management*, Vol. 13, No. 4, pp. 213 – 217.
- Brady, M. K., and Cronin, J. J. Jr. (2001), "Some New Thoughts on Conceptualising Perceived Service Quality: A Hierarchical Approach", *Journal of Marketing*, Vol. 65, pp. 34 – 49.
- Brown, T. J., Dacin, P. A., Pratt, M. G., and Whetten, D.A. (2006), "Identity, Intended Image, Construed Image and Reputation: An Interdisciplinary Framework and Suggested Terminology", *Journal of Academy of Marketing Science*, Vol. 34, No. 2, pp. 99 -106.
- Carvalho, M. (2011), "Malaysia Bound To Be Top Five Destination by 2020" (online) (cited 13 August 2015). Available from <http://thestar.com.my/news/story.asp?file=/2011/10/18/nation/20111018070850&sec=nation>
- Cheng, B. L., Mansori, S., and Cham, T. H. (2014), "The Associations between Service Quality, Corporate Image, Customer Satisfaction, and Loyalty: Evidence from the Malaysian Hotel Industry", *Journal of Hospitality Marketing & Management*, Vol. 23, No. 3, pp. 314 – 326.
- Cheng, B. L., and Zabid, M. A. R. (2013), "Service Quality and the Mediating Effect of Corporate Image on the Relationship between Customer Satisfaction and Customer Loyalty in the Malaysian Hotel Industry", *Gadjah Mada International Journal of Business*. Vol. 15, No. 2, pp. 99 - 112.
- Choi, T. Y., and Chu, R. (2000), "Levels of Satisfaction among Asian and Western Travellers", *International Journal of Quality & Reliability Management*, Vol. 17, No.2, pp.116 – 132.
- Choi, T. Y., and Chu, R. (2001), "Determinants of Hotel Guests' Satisfaction and Repeat Patronage in the Hong Kong Hotel Industry", *International Journal of Hospitality Management*, Vol. 20, pp. 277 – 297.
- Delgado, N. E., and Munuera, A. J. L. (2001), "Brand Trust in the Context of Consumer Loyalty", *European Journal of Marketing*, Vol. 35, No.11/12, pp.1238 – 1258.
- Dominici, G., and Guzzo, R. (2010), "Customer Satisfaction in the Hotel Industry: A Case Study from Sicily", *International Journal of Marketing Studies*, Vol. 2, No. 2, pp.3 – 12.
- Edwin, N. T., and Sheryl, K. (2013), "From Customer Satisfaction to Customer Delight: Creating a New Standard of Service for the Hotel Industry", *International Journal of Contemporary Hospitality Management*, Vol. 25, Iss. 5, pp. 642 – 659.

- Fazaneh, M., and Jamil, J. (2011), "Service Quality in Penang Hotels: A Gap Score Analysis", *World Applied Science Journal*, Vol. 12, pp.19 – 24.
- Fen, Y. S., and Lian, K. M. (2010), "Service Quality and Customer Satisfaction: Antecedents of Customer's Re-Patronage Intentions", *Sunway Academic Journal*, Vol. 4, pp. 59 – 73.
- Gržinić, J. (2007), "Concept of Service Quality Measurement in Hotel Industry", *University Jurja Dobrile, Pula, Croatia*, pp. 81 – 98.
- Gupta, S., and Zeithaml, V. (2006), "Customer Metrics and Their Impact on Financial Performance", *Marketing Science*, Vol. 25, No. 6, pp.718 – 739.
- Hair, F. J., Black, W. C., Babin, B., Anderson, R. E., and Tatham, R. L. (2010), "*Multivariate Data Analysis: A Global Perspective*", 7th ed., Upper Saddle River, NJ: Pearson Prentice-Hall.
- Han, H., and Back, K. J. (2008), "Relationship among Image Congruence, Consumption Emotions and Customer Loyalty in the Lodging Industry", *Journal of Hospitality and Tourism Research*, Vol. 32, No. 4, pp. 467 – 490.
- Heung, V. C., Mok, C., and Kwan, A. (1996), "Brand Loyalty in Hotels: An Exploratory Study of Overseas Visitors to Hong Kong", *Australian Journal of Hospitality Management*, Vol. 3, No. 1, pp.1 – 11.
- Ho, C. I. (2007), "The Development of an e -Travel Service Quality Scale", *Tourism Management*, Vol. 28, No. 6, pp. 1434 – 1449.
- Jani, D., and Hanb, H. (2014), "Personality, Satisfaction, Image, Ambience, and Loyalty: Testing their Relationships in the Hotel Industry", *International Journal of Hospitality Management*, Iss. 37, pp. 11 – 20.
- Kandampully, J., and Hu, H. H. (2007), "Do Hoteliers Need To Manage Image To Retain Loyal Customers?", *International Journal of Contemporary Hospitality Management*, Vol. 19, No. 6, pp. 435 – 443.
- Kandampully, J., and Suhartanto, D. (2000), "Customer Loyalty in the Hotel Industry: The Role of Customer Satisfaction and Image", *International Journal of Contemporary Hospitality Management*, Vol. 12, No. 6, pp. 346 – 451.
- Kanagal, N. (2009), "Role of Relationship Marketing in Competitive Marketing Strategy", *Journal of Management and Marketing Research*, Vol. 2, May, pp. 1 – 17.
- Kerin, R.A., Hartley, S. W., and Rudelius, W. (2009), "*Marketing*", 9th ed., Boston: McGraw-Hill Irwin.
- Kotler, P., and Armstrong, G., (2010), "*Principles of Marketing*", 13th ed., Upper Saddle River, New Jersey: Prentice-Hall.
- Krasna, T. (2008), "The Influence of Perceived Value on Customer Loyalty in Slovenian Hotel Industry", *TURIZAM*, Vol. 12, pp.12 – 15.
- Kwek, C. L., Yeong, W. M., and Hiew, M. L. (2011), "Exploring Factors That Influence Customer Loyalty Among Generation-Y for the Fast food Industry in Malaysia", *African Journal of Business Management*, Vol. 5, No. 12, pp. 4813 – 4823.
- Ladhari, R. (2008), "Alternative Measure of Service Quality: A Review", *Journal of Managing Service Quality*, Vol. 18, No. 1, pp. 65 – 86.
- Ladhari, R. (2009), "A Review of Twenty Years of SERVQUAL Research", *International Journal of Quality and Service Sciences*, Vol. 1, No. 2, pp. 172 – 198.
- Liang, D., (2008), "The Determining Factors of Customer Loyalty for Luxury Hotels in US", *The Journal of International Management Studies*, Vol. 3, No. 2, pp. 167 – 175.
- Lovelock, C., and Wirtz, J. (2011), "*Service Marketing—People, Technology, Strategy*", 7th ed., New Jersey: Pearson Education.
- Malaysian Association of Hotels (MAH) (2015), "Hotel Statistics" (online) (cited 17 August 2015). Available from <http://www.hotels.org.my/member-section/hotel-statistics.html>

- Maria, A. R., and Kamarulzaman, Y. (2012), "The Influence of Relationship Quality and Switching Costs on Customer Loyalty in the Malaysian Hotel Industry", *Procedia - Social and Behavioral Sciences*, Vol. 62, No. 24, pp. 1023 – 1027.
- Martínez, P., and Bosque, I. R. (2013), "CSR and Customer Loyalty: The Roles of Trust, Customer Identification with the Company and Satisfaction", *International Journal of Hospitality Management*, Iss. 35, pp. 89 – 99.
- Minkiewicz, J., Evans, J., Bridson, K., and Mavondo, F. (2011), "Corporate Image in the Leisure Services Sector", *Journal of Services Marketing*, Vol. 25, No. 3, pp. 190 – 201.
- Mohsin, A., and Lockyer, T. (2010), "Customer Perceptions of Service Quality in Luxury Hotels in New Delhi, India: An Exploratory Study", *International Journal of Contemporary Hospitality Management*, Vol. 22, No. 2, pp. 160 - 173.
- Oliver, R. L. (1980), "A Cognitive Model for the Antecedents and Consequences of Satisfaction", *Journal of Marketing Research*, Vol. 27, pp. 460 – 469.
- Oliver, R., (1997), "*Satisfaction: A Behavioural Perspective on the Consumer*", New York: McGraw-Hill.
- Olorunniwo, F., Hsu, M. K., and Udo, G. J. (2006), "Service Quality, Customer Satisfaction and Behavioural Intentions in the Service Factory", *Journal of Services Marketing*, Vol. 20, No. 1, pp. 59 – 72.
- Parasuraman, A., Zeithaml, V. A., and Malhotra, A. (2005), "E-S-QUAL: A Multiple Item Scale for Assessing Electronic Service Quality", *Journal of Service Research*, Vol. 7, No. 3, pp. 213 – 233.
- Parasuraman, A., and Zeithaml, V. (2006), "*Understanding and Improving Service Quality: A Literature Review and Research Agenda*", Handbook of Marketing, London: Sage Publication
- Peppers, D., and Rogers, M. (2004), "*Managing Customer Relationships*", Wiley: Hoboken, New Jersey.
- Pitta, D., Franzak, F., and Fowler, D. (2006), "A Strategic Approach to Building Online Customer Loyalty: Integrating Customer Profitability Tiers", *Journal of Consumer Marketing*, Vol. 23, No. 7, pp. 421 – 429.
- Pizam, A., and Ellis, T. (1999), "Customer Satisfaction and Its Measurement in Hospitality Enterprises", *International Journal of Contemporary Hospitality Enterprises*, Vol. 11, No. 7, pp. 326 – 339.
- Poon, W. C., and Low, K. L. T. (2005), "Are Travellers Satisfied with Malaysian Hotels?", *International Journal of Contemporary Hospitality Management*, Vol. 17, No. 3, pp. 217–227.
- Raemah, A. H., Puti, M. M., Zainora, H. H., Safiah, R., Khalidah, N. A., and Raja Hanaliza, R. A. (2011), "Influence of Relationship Quality on Hotel Guests' Loyalty: A Case Study of a Malaysian Budget Hotel", *Canadian Journal on Scientific and Industrial Research*, Vol. 2, No. 6, pp. 220 – 229.
- Ramanathan, U., and Ramanathan, R. (2011), "Guests' Perceptions on Factors Influencing Customer Loyalty: An Analysis for UK Hotels", *International Journal of Contemporary Hospitality Management*, Vol. 23, No. 1, pp.7 – 25.
- Reichheld, K. (2002), "Letters to the Editor", *Harvard Business Review*, Vol. 80, No. 11, pp. 126.
- Reichheld, F. F., Markey, R. G. Jr. and Hopton, C. (2000), "The Loyalty Effect - The Relationship between Loyalty and Profits", *European Business Journal*, Vol. 12, No. 3, pp. 134 – 139.
- Schlosser, A. E., White, T. B., and Lloyd, S. M. (2006), "Converting Website Visitors into Buyers: How Website Investment Increases Customer Trusting Beliefs and Online Purchase Intentions", *Journal of Marketing*, Vol. 70, No. 2, pp. 133 – 148.
- Sher, A., and Ahmad, P. M. S. (2011), "Determinants of Customer Loyalty for Hospitality Industry", *Information Management and Business Review*, Vol. 2, No. 1, pp. 19 – 25.
- Sheth, J. N., and Mittal, B. (2004), "*Customer Behaviour: A Managerial Perspective*", 2nd ed., New York: Thomson South Western.
- Singla, V., and Singh, A. I. (2008), "Conceptualising Perceived Service Quality in Hotel Industry", *Indian Management Studies Journal*, No. 12, pp. 61 – 80.

- Skogland, I., and Siguaw, J. (2004), “Are Your Satisfied Customers Loyal?”, *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 45, No. 3, pp. 221 – 234.
- Tang, W. W. (2007), “Impact of Corporate Image and Corporate Reputation on Customer Loyalty: A Review”, *Management Science and Engineering*, Vol. 1, No. 2, pp. 57 – 62.
- Tourism Malaysia (2015), “Tourism Arrivals and Receipts to Malaysia” (online) (cited 9 July 2015). Available from <http://corporate.tourism.gov.my/research.asp>
- Wong, A., and Sohal, A. (2003), “Service quality and customer loyalty perspectives on two levels of retail relationship”, *Journal of Services Marketing*, Vol.17, No.5, pp.495–513
- Zeithaml, V. A. (1988), “Consumer Perceptions of Price, Quality, and Value: A Means–End Model and Synthesis of Evidence”, *Journal of Marketing*, Vol. 52, No. 3, pp. 2 – 22.
- Zeithaml, V. A., and Bitner, M. J. (2000), “*Services Marketing: Integrating Customer Focus across the Firm*”, 2nd ed., McGraw– Hill: New York.