

# The Role of Customer Satisfaction and Image in Gaining Customer Loyalty in the Hotel Industry

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**Abstract-** Customer loyalty is essential to the survival and success of the hotels. The hotel industry is a competitive business and therefore it is significant for the hotels to have an understanding of the factors that are likely to affect the repeat visitation of guests and the establishment of long term relationships with a particular brand. Of late, the hotels have realized the need to investigate into the factors that influence the guest's intention to revisit the hotel and thus strengthen the long term relationships between the guests and the brand. Therefore, this study aims at examining the factors of customer satisfaction and image of the hotel that affect customer loyalty in the hotel industry. Descriptive research with a quantitative approach has been employed in this study. Primary data were collected through a set of questionnaire given to the guests at the hotel and secondary data were obtained from literature reviews of various sources such as articles, journals, research papers, books and the internet. The study established that customer satisfaction and the image of the hotel significantly influence customer loyalty. Guests who claimed to be satisfied with the service provided and maintained that the hotel has a good image were likely to return to the hotel and also were likely to refer the hotel to their friends and relatives. The study concluded by highlighting the need for hotel managers to work hard towards providing guests' satisfaction, maintaining a good image of the hotel and generally towards enhancing the guest's experience so as to strengthen the customer loyalty towards the hotel.

**Keywords-** Customer Satisfaction, Hotel Image, Customer Loyalty, Hospitality Industry, Service Quality

## I. INTRODUCTION

Hospitality is one of the rapidly growing industries across the globe that is contributing a lot to the world tourism and economy. With ever-growing tourism and competition in the hospitality sector, the focus has changed from attracting new customers to retaining existing customers. In this competitive hospitality

world, customer loyalty has become extremely significant for the success and sustainability of hotel business. As customer loyalty involves getting the customers to visit and recommend the hotel to others which thus gives them positive word of mouth regarding the hotel.

Customer satisfaction is widely accepted as a key factor affecting customer loyalty. Hotel services must meet and exceed customers' expectations to provide a memorable experience that will make them return to the hotel. Satisfied customers often establish trust and feel favorably towards the hotel brand, and therefore become more loyal. It is then a priority for hotel management to ensure that customer satisfaction is high.

## II. LITERATURE REVIEW

Earlier research has emphasized the important role played by customer satisfaction and brand image in customer loyalty as a factor in the hospitality industry. The customer has many choices of accommodation and in such a competitive market, the hotel should aim at establishing a close relationship with their customers to ensure loyalty and promote repeat business. Customer loyalty has been viewed as one of the major indicators of long-term business success since loyal customers are likely to repeat to the hotel, refer others, and create a positive word-of-mouth communication.

Kandampelly and Suhartanto (2000) carried out one of the earliest researches on customer loyalty in the hotel industry. Their study investigated how quality of service, customer satisfaction and corporate image affected customer loyalty. Their research results showed that customer satisfaction is a vital factor that influences the re-visiting of the same hotel by

customers in future. Customer satisfaction in the services offered will improve their likelihood of gaining trust and emotive attachment to the hotel brand. Moreover, the business image of a hotel has also a part to play in influencing the perception and expectations of customers which in the end impacts their loyalty behavior.

Customer Relationship Management (CRM) is another concept that has received some concern in research in the hospitality industry. CRM is based on long-term relationships with the customers by paying attention to their preferences, expectations, and experiences. Research on CRM also indicate that personalized services, effective communication and high quality of their services can help hotels to achieve customer loyalty to a great degree. Personalization enables the hotel to shape the services offered to particular needs of the guests hence making the experience more memorable and enjoyable. Communication can also play a significant role in ensuring that hotels are constantly in touch with customers and this will enhance the customer relationship with the brand.

Moreover, a positive hotel image is highly crucial in customer attraction and retention. The image of a hotel can be influenced by the quality of services, experiences of customers, the name of a brand and marketing communications. Customers tend to trust a brand when they believe it has a strong and positive image and thus, they will build confidence in the services offered by a hotel. Hotels can also use a positive hotel image to distinguish themselves out of the crowd. This distinction is paramount in the hospitality sector where numerous hotels have equal services and facilities. Positive image helps hotels to enhance their competitiveness and stimulate customer loyalty.

Scholars have also highlighted the importance of the fact that there are both functional and emotional aspects of customer satisfaction. The functional aspect is the objective examination of the services delivered i.e. service delivery efficiency, cleanliness, comfort, and value of money. Customers tend to evaluate the degree to which the services did satisfy their expectations as well as how the cost incurred is worth the quality of services received. The emotional

component of satisfaction on the other hand refers to the emotions and moods that the customers have when staying at the hotel. Customers can have positive emotional experiences due to the friendly behavior of the staff, the warm atmosphere, and individual approach.

Combined these functional and emotional experiences drive the overall degree of customer satisfaction. The literature has identified a number of determinants of satisfaction in the hotel industry. These are comfort and ambience of the service environment, speed and efficiency of service delivery, staff behavior and professionalism as well as the value perceived of money. Once these factors are well managed, the customers may have a positive perception towards the hotel and this will in the end result into a high customer loyalty.

In short, the above-mentioned research available in the past strongly suggests that customer satisfaction and hotel image are significant customer loyalty determinants in the hospitality industry. Hotels, which consistently provide services of high quality, have a good brand image and establish meaningful relationships with their clients have a higher chance of success and sustainability in the long-term.

### III. RESEARCH METHODOLOGY

This paper will use a quantitative and descriptive research method to establish the connection between customer satisfaction, hotel image, and customer loyalty in the hotel sector. Quantitative research employs the use of numerical data, which can be statistically analyzed, in order to help the researcher measure and comprehend the relationship between the variables. The descriptive research design is used in describing the nature, views, and perceptions of hotel customers in relation to services that they are receiving.

Primary data used to collect data needed to sell the study are gathered by way of a structured questionnaire that is given to customers of the hotels. Some of the questions integrated in the questionnaire concern the customer satisfaction, the perception of the image of the hotel, and the degree of loyalty to the

hotel. The measurement of the responses is through Likert scale where a respondent is able to determine the degree of approval or disapproval of certain statements.

The respondents will be sampled using a convenience sampling technique which will include respondents who have stayed in hotels. The data obtained are then plotted on simple statistical tools like percentages, mean scores, and correlation analysis to bring out trends and association between the variables.

This research design can allow the researcher to analytically test the relationship between customer satisfaction and hotel image and customer loyalty to make significant contributions to the hotel management to enhance service delivery and customer relationships.

Objectives of the Study:

1. To analyze customer satisfaction in the hotel industry.
2. To examine the influence of hotel image on customer loyalty.
3. To study the relationship between customer satisfaction and customer loyalty.
4. To identify strategies that hotels can use to enhance customer loyalty.

Hypotheses:

According to the aims of the study as well as based on the literature review, the following hypotheses are developed to test the relationships between customer satisfaction, hotel image, and customer loyalty in the hotel industry:

H1: Customer loyalty is affected positively by customer satisfaction.

According to this hypothesis, satisfied customers with services, facilities, and the general experience they receive in a hotel will more likely be willing to revisit the hotel and to refer their friends to the hotel. Customers would be more loyal with the increase in the level of satisfaction.

H2: There is a positive effect that hotel image has on customer loyalty.

This is because this hypothesis holds that the positive image or reputation of a hotel in the minds of the customers affects their loyalty. A good hotel image based on good service, brand image, and good customer perceptions can motivate patrons to visit it time and again and have long customer relationships.

H3: Hotel image and customer satisfaction both have a combined effect with customer loyalty.

This hypothesis presupposes that the correlation between customer satisfaction along with hotel image as significant factors is likely to impact customer loyalty. Once customers create a positive picture about a hotel and they are content with the services offered by the hotel, chances of them being loyal to the hotel are high.

Data Collection:

The primary data was collected from the customers of the hotel by using the structured questionnaires and the secondary data was collected from various academic journals, books and also from the online databases.

#### IV. RESULTS AND DISCUSSION

The results of the research show that there is the existence of clear and positive association between customer satisfaction, hotel image and customer loyalty in the hotel industry. On the analysis of the data collected, it indicates that customers that indicated greater levels of satisfaction with the services of the hotel were more likely to visit the hotel again and refer the others to the hotel. This implies that customer satisfaction is a significant factor in promoting a repeat visit and the positive word of mouth communication, which is critical in the creation of long term customer loyalty.

The findings also indicated that a number of service-related variables also had significant impacts on the satisfaction levels of the customers. Among them, the quality of the services, the behavior of the staff, comfort, and cleanliness were determined to be the most significant determinants. Customers referred to the fact that fast delivery of services, professional and polite employees, and a comfortable environment were among the factors in their satisfaction. The cleanliness and the maintenance of hotel amenities

was also regarded to be a critical aspect in determining the positive customer perceptions.

Along with the service-related aspects, the hotel image was also discovered to have a significant impact on the customer trust and loyalty. The customers who easily identified the hotel with a strong and positive image would tend to be more confident that the quality of services they offered is good. The image of the hotel created by the past experiences, reputation, marketing communication, and brand recognition (positive picture) assists in developing a feeling of reliability and credibility in the customers.

The results thus confirm that overall customer satisfaction and brand image are the major drivers of customer loyalty in the hotel industry. Customers are likely to have a favorable attitude towards the brand when hotels are effective at providing quality services and have a good reputation in the market. This good perception will make them stick with the hotel and keep associating with the hotel.

On the whole, the findings confirm earlier studies in the hospitality industry that customer satisfaction and hotel image are the key elements in attaining customer retention and business success in the long run. Hotels can achieve a competitive advantage and develop a long-term customer loyalty more often when they concentrate on the quality of their services, improvement of customer experiences, and highly positive brand image.

## V. CONCLUSION

Customer satisfaction and hotel image, have been found to have a significantly impact on customer loyalty. The findings suggest that, for a hotel to increase customer loyalty they must first ensure that there is adequate service quality, a strong image of the hotel brand and improved levels of guest satisfaction.

Customer-oriented strategies such as providing value to customers, creating trust and strengthening customer relationship have high influence on customer satisfaction and hence competitive success. Further studies may investigate the effects of other factors such as e-marketing, service innovation and customer participation.

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