

# The Determining Factors of Customer Loyalty for Luxury Hotels in US

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## ABSTRACT

*This research aims to examine which determinants (i.e. perceived quality, trust, satisfaction, perceived value, and membership programs) have significant effect(s) on customer loyalty for luxury hotel. In order to get the answer, this study surveyed 308 online users to investigate the determining factors that affect customer loyalty for luxury hotel in US. The multiple regression statistical method, ANOVA, frequency tests and factor analysis were used for data analysis. The study results show that among the determining factors and their relationship against attitudinal and behavioral loyalty, "satisfaction" was consistently valued the most, followed by "trust." The attitudinal loyalty measurement regarded "membership program" as its third most valued while the behavioral loyalty positioned "perceived quality" as its third. Results for the fourth most valued factor, indicated "perceived quality" from the attitudinal loyalty measurement, while "perceived value" was behavioral loyalty's fourth most valued. The least valued factors for attitudinal and behavioral loyalty were "perceived value" and "membership program," respectively. On a greater scale, in measuring overall loyalty, the determining factors were ranked as follows, in descending order from most to least important: "satisfaction," "trust," "perceived quality," "membership program," and "perceived value."*

*This study can serve as a model to be adopted for years to come in the determining factors of loyalty in luxury hotels in US. The constructs, specifically "perceived value," "perceived quality," "satisfaction," and "trust" have been of use for years, through various industries. These particular determinants will continue to be of use across industries as efforts are made to measure customer loyalty.*

**Keywords:** *determining factors; customer loyalty; luxury hotel; hospitality industry; determinants*

## INTRODUCTION

Loyalty has become important over the past few years because of increased competition within respective industries. Companies infer "loyalty" to have a similar meaning and have developed strategic marketing and advertising efforts around creating a connection between the company and its customers. Within the hospitality industry, the number of accommodation choices from which customers can choose cannot be any more apparent. In realizing the ongoing competitiveness that is to occur within the industry, many hotel corporations have shifted their focus to relationship marketing, particularly through the concept of loyalty. With the increased bargaining power consumers are obtaining, hotel corporations are realizing the key to their success will be to foster strategic relationship marketing efforts, particularly through the usage of loyalty measures.

As an hotelier in the industry, it is important to offer products or services that enable sustainability in the industry. At the same time, it is important to be knowledgeable of the guests who patronize your hotel(s). Knowing their needs and demands, and utilizing this information for product or service implementation purposes, will go a long way towards long-term sustainability and loyalty creation efforts. It is also important to give considerable attention to the efficiency of the facilities and services provided. Customers expect service to be delivered in an expedient manner. Gold (2005) validates this inherent belief and also discusses how instant gratification and convenience are important from the customers' perspective

The focus of this research is directed towards luxury hotels. According to Smith Travel Research (2005), luxury hotels represent over 500,000 guest rooms in over 1,300 hotels. Although this segment accounts for the highest number of guest rooms with respect to number of hotel properties, luxury hotels only represent less than 12% of the total number of guest rooms in the U.S. hotel industry. It is important to note, however, when it comes to room revenue, this segment accounts for the highest amount of revenue generated of any major segment in the industry. It can be concluded from these figures that the luxury segment for hotel companies as well as the overall hotel industry can serve as an important topic to investigate based on the highest contribution in sales revenue and high financial return being retained. Through the assessment of customer loyalty, invaluable findings can greatly assist with measuring guests' perspectives on determinants that will represent the level of service associated with hotels in this respective segment, and will also contribute to the advancement of hospitality research and provide a newfound viewpoint on how loyalty is vital for upscale hotels.

The objectives of this study are as following:

1. To identify and examine which antecedents (i.e. perceived quality, trust, satisfaction, perceived value, and membership programs) have significant effect(s) on customer loyalty in luxury hotels
2. To compare perceptions of antecedents and loyalty behaviors across various brands of luxury hotels as well as with regard to customers' demographic and socioeconomic variables
3. To derive invaluable findings that assists in understanding various perspectives of customers' loyalty for luxury hotels.

## LITERATURE REVIEW

Taylor, Celuch, & Goodwin (2004) identified satisfaction, service quality and value, resistance to change, brand affect, trust, and brand equity as predictors of customers' perceptions of loyalty using structural equation analysis; the researchers identified customer loyalty as a function of both behavioral and attitudinal loyalty. This approach was taken in response to a valid proposition and supportive findings that were made by White & Schneider (2000). Baloglu (2002) also incorporated attitudinal and behavioral loyalty into customer loyalty dimensions. His reasoning was conceptual and practical. Studies have demonstrated that customer loyalty is a multi-dimensional concept and that it involves both behavioral and attitudinal elements. Another finding by Taylor, Celuch, & Goodwin (2004) served as a major reference in measuring customer loyalty. The framework developed in their research demonstrated the formation of a solid structure that would allow for collecting invaluable findings. This study will extend and adapt the previous loyalty model. Additional insight and perspectives from notable researchers, such as Mittal & Lassar (1998), Zeithaml (1998), Baloglu (2002), and others will also solidify the viability of each determining factor described and its contribution to the overall assessment of customer loyalty. Each factor is discussed in detail to allow for understanding its importance as it relates to the subject matter.

### **Impact of Satisfaction on Customer Loyalty**

*Satisfaction* is a pursuit hoteliers must continually strive to meet with the guests of its property or company. Taylor, Celuch, & Goodwin (2004) show that satisfaction has a direct influence on customer loyalty. Mittal & Lassar (1998) discussed how satisfaction has been proven to directly affect loyalty. They further analyzed this impact by discussing the importance of looking at satisfaction and service quality together as they related to customer loyalty and likeliness to return. They stated "satisfaction" alone only tells whether the customer is satisfied or not. However, when measured with "quality", there is greater ability to determine what aspects of service are below par and need improvement as they relate to guest satisfaction. Karatepe (2005) took the same measurement approach as Taylor, Celuch, & Goodwin (2004), and other researchers just mentioned. Skogland & Siguaw (2004) measured the degree to which satisfaction influenced loyalty. These two particular researchers felt the degree to which the customer was involved in the purchase decision had a strong effect on the propensity to switch service providers. They measured this impact by using the confirmation-disconfirmation and comparison-level theories. The satisfaction antecedents used included service quality, product quality, price, and location.

Based on the above beliefs in regard to satisfaction and guest loyalty, the following hypothesis is tested to determine whether a relationship exists:

H1: "Satisfaction" has a positive impact on loyalty

### **Impact of Perceived Quality on Customer Loyalty**

Zeithaml (1988) defined perceived quality to be "The consumer's judgment about an entity's overall excellence or superiority." Antony, Antony, & Ghosh (2004) believed service quality to be so intangible that objective measurement is impossible.

To improve service quality, increase relationship marketing and the overall loyalty of guest patronization, it will be important to narrow the gap between appearances and perceptions. In order to alleviate this deficiency, it is vital to consider both functional and technical quality as they both impact overall service quality. Several major developments over the past few decades will assist with performing this measurement. One particular development is (service quality) SERQUAL, a measurement tool covering the areas of tangibility, reliability, responsiveness, assurance, and empathy (Kang, Okamoto, Donovan, 2004). Through the usage of SERQUAL, it is believed that assessment of service quality and also customer-contact can increase expected value provided to the guest. Gold (2005) stated in "What Inspires Loyalty today?" that "...pleasant surprises... [with the] proactivity of service above and beyond... [will] stick in the mind of guests and drive loyalty" (p. 2). McCain, Jang, & Hu (2005) discussed how service quality plays an important role in the assessment of customer loyalty. Antony, Antony, & Ghosh (2004) also stated service quality as being linked to customer satisfaction and customer loyalty. The researchers measured this impact by looking at tangible and intangible elements of service through technical and functional quality.

In order to achieve the aims from this study, the following hypothesis is tested:

H2: "Perceived quality" has a positive impact on loyalty

### **Impact of Perceived Value on Customer Loyalty**

In the realm of perceived value, an excerpt written by Brady & Cronin (2001, p. 243) stated, "Customers' value perceptions seem to drive their future behaviors such as repurchase intent and word-of-mouth referrals." They also proposed that consumers' affective responses were directly related to perceived value in highly experiential service settings. Zeithaml (1988) defined perceived value as "the consumer's overall assessment of the utility of product based on perceptions of what is received and what is given. Oliver (1999) asserted that "value" is a unique construct stemming from both satisfaction and quality, also outcome variables such as loyalty.

From a measurement standpoint, Bojanic (1996) asserted that a firm's value can change if the firm changes what it is doing. When it came to pricing, Danziger, Israeli, & Bekerman (2006, p. 2) stated, "Many firms establish prices based on internal costs." They further stated that this, what can be considered a "cost incurred vs. price offered measurement," does not assist hotels with being able to attract customers. A final pricing strategy should combine a supply side focus with the value customers place on its offerings. This is based on the evaluation of strategic assets (corporate affiliation, brand name, hotel size). By conducting this evaluation, Danziger, Israeli, & Bekerman (2006) believed that firms may signal strategic assets to target audiences to justify a reason for paying a premium price, to generate above average returns, and to form the basis of sustained competitive advantage.

In order to achieve the aims from this study, the following hypothesis is tested:

H3: "Perceived value" has a positive impact on loyalty

**Impact of Trust on Customer Loyalty**

Fukuyama (1995) defined *trust* as "...the expectation that arises within a community of regular, honest, and cooperative behavior, based on commonly shared norms, on the part of members of that community." Other notable researchers have each defined trust differently over the course of the past four decades. Rotter (1967, p. 651) defined trust as "A generalized expectation upheld by an individual, as to whether the word of the other party is trustworthy." Crosby, Evans, & Cowles (1990) defined trust as "A belief that the service is going to behave in such a way that the buyer's long-term interests are going to be taken into account." San Martin Gutierrez (2000) defined trust as "The emotional security that leads one party to think that the other is responsible and will be concerned about it, which implies the willingness of the former to be vulnerable to the actions of the second party, regardless of its ability to control the latter."

Based on the above beliefs as it regards trust and guest loyalty, the following hypothesis will be tested to determine whether a relationship exists:

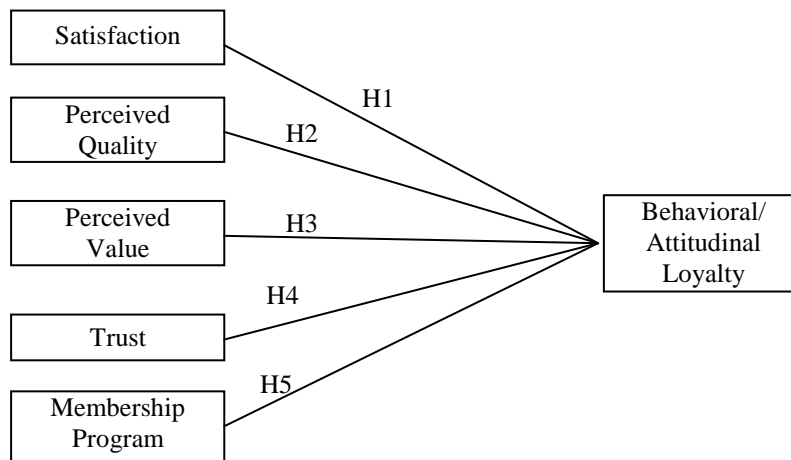
H4: "Trust" has a positive impact on loyalty

**Impact of Membership Programs on Customer Loyalty**

From a non-theoretical perspective, hotels have given considerable focus to the impact customer loyalty programs have on guest retention within the company. Virtually every hotel corporation has developed and implemented a loyalty membership program to foster this connection with its guests. Various services, amenities, and other offerings are provided to meet the demands and preferences guests have in regards to their membership. Although loyalty programs provide benefit to hotel corporations through their offerings, a concern was raised as regard "true" loyal customers. Baloglu (2002) endeavored to separate "friends" from "well wishers." The researcher focused on determining whether frequent guests were truly loyal by assessing both guests' attitudes and their actions. He classified the "dimensions of customer loyalty" as being low, latent, spurious, and true loyalty. In terms of effectiveness, Lal & Bell (2003) alluded to the fact that few studies shed light on the return obtained from loyalty programs. Dowling & Uncles (1997, p. 71) concluded that "given the popularity of loyalty programs, they are surprisingly ineffective." In the assessment of this study, it is very important to measure guests' perspective on the usage and their dependence on membership programs. Through this research study, the following hypothesis is tested in an effort to assess its relevance:

H5: "Membership Program" has a positive impact on loyalty

For illustration purposes, the following figure highlights the study's proposed cumulative assessment of the independent variables mentioned and their impact(s) on the dependent variable.



**Figure 1. Conceptual Model**

## DATA COLLECTION AND RESEARCH METHODOLOGY

The design of this study encompassed causal and descriptive research. Incorporating causal research design allowed the investigation of cause-and-effect relationships, while incorporating descriptive research allowed understanding the demographic profile of respondents, summary of key factors, and overall customer loyalty. The target population was guests of luxury hotels belonging to the members of 「Leading hotel of the world」 system in the U.S. hotel industry and came from a hotel listing obtained from Smith Travel Research (2005). Sample data were gathered from those hotels' data base of membership. Approximately 1,300 emails were sent to individual members directly as survey invitations. Within the email invitation were access information to the survey web site and a hyperlink to the URL of the online survey. This enabled the recipient to go directly to the survey page with one click from the email. The Web-based survey was online for two month. A total of 308 surveys were collected and were able to be applied for use in achieving the purposes of this study

A 42-item survey instrument was developed following this extensive period of research in determining antecedents to assess the focus of this study. The instrument consisted of three sections. At the outset, the respondents were asked to select the luxury hotel which they visited during their last hotel stay.

This research study incorporated various statistical methods through SPSS in efforts to gather the necessary information. Based on the research designs, the multiple regression statistical method measured the cause-and-effect relationship between the independent and the dependent variables. One-way analysis of variance (ANOVA) assessed the relationship between elements of the independent variables and a chosen dependent variable. Both of these major statistical methods allowed for the ability to attest to the findings obtained and their validity. This study also incorporated frequency tests and factor analysis to further extrapolate additional information in efforts to meet the overall objectives for this study.

## RESEARCH FINDINGS

### Characteristics of the Respondents

The data findings from table 1 indicated that each question served as a representation of its related determinant and also provided a major contribution to the focus of this study. This statement is based on the value of each response illustrated in table 3 that resulted from factor loading, variance, Cronbach's reliability, and eigenvalue measurement testing. "Membership Programs," as a factor group, is of major use in this study, based on its findings, each of the other determinants also serves in the same intent. Although questions relating to each factor were valued higher than .67, thereby meeting loading cut-off qualifications, particular findings are important to illustrate for research purposes. It was revealed during this form of analysis that respondents did not perceive "The overall tangible and intangible elements of service for the hotel's food and beverage outlets (i.e. restaurant, room service) were excellent" to be of the same regard as the other two questions relating to "perceived quality" (.69). Respondents also did not favor the question "I trust the hotel and its staff" to be of the same nature of context as the two other questions representing "trust" (.67). As mentioned earlier, "membership program" responses were of great favor. Two particular questions well-regarded were "The tangible rewards from joining a hotel rewards program is important in my decision making" (.91) and "The intangible rewards from joining a hotel rewards program are important in my decision-making." (.91). Attribute 3, relating to the offering of affinity programs, can afford relative improvement as findings indicated a value of .86 in comparison to the other two questions related to "membership program."

**Table 1. Factor Analysis (Prescribed Determinants of Guest Loyalty) Varimax Rotated Loading**

Factor and Variables	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
<b>F1 – Membership Programs</b>					
Tangible rewards were important	.91				
Intangible rewards were important	.91				
Affinity program offerings were important	.86				
<b>F2 – Satisfaction</b>					
Service renderings met highest expectations		.78			
Hotel is the highest amongst other choices in the area		.75			
Service received met personal expectations		.78			
<b>F3 – Perceived Quality</b>					
Overall tangible/intangible elements for rooms were excellent			.75		
Overall tangible/intangible elements for F&B were excellent			.69		

Overall hotel tangible/intangible elements were excellent .83

**F4 – Perceived Value**

Hotel value vs. price paid was good .72  
 Hotel provided good deal .75  
 Hotel was a bargain for benefits received .78

**F5 – Trust**

I trust the hotel and its staff .67  
 I relied on associates to carry out requests made .76  
 I felt safe conducting business with the hotel .79  
 Total Variance Explained

% of Variance explained 16.38 13.06 12.59 11.97 11.94  
 Cronbach's Alpha .89 .73 .68 .66 .66  
 Eigenvalue 3.69 2.11 1.57 1.34 1.19

Note: Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (MSA): 0.81  
 Bartlett's Test of Sphericity" X2 = 1294.41, significance at p=.000

ANOVA test disclosed that respondents showed significant difference (p<.10) in the mean value of satisfaction, trust, and perceived quality among different luxury brands. However, respondents did not show any significant differences in membership programs and perceived value among the six hotel brands at the .10 level.

**Table 2. Determinant Responses (with respect to hotel brands)**

	Perceived Quality	Perceived Value	Trust	Satisfaction	Membership Program
Hilton	3.93 (n=49)	3.55 (n=49)	3.89 (n=49)	4.25 (n=49)	3.14 (n=49)
Hyatt	3.89 (n=49)	3.44 (n=49)	3.55 (n=49)	4.05 (n=4)	2.85 (n=49)
Inter-continental	3.62 (n=60)	3.44 (n=60)	3.60 (n=60)	3.76 (n=60)	2.75 (n=60)
Marriott	3.82 (n=76)	3.43 (n=76)	3.69 (n=76)	4.09 (n=76)	3.09 (n=76)
Starwood	3.97 (n=53)	3.52 (n=53)	3.78 (n=53)	4.06 (n=53)	3.01 (n=53)
Wyndham	3.80 (n=21)	3.23 (n=21)	3.68 (n=21)	3.88 (n=21)	2.82 (n=21)
F-value	1.87	.61	1.88	2.35	1.28
P-value	.09	.68	.09	.04	.273

a. Represents average mean score based on a five point, Likert-type scale

Based on these findings, there is a major need for each hotel to improve on the tangible and intangible rewards offered to guests through its membership programs, particularly the Wyndham (2.82). There is also a need to revisit offerings of affinity programs. Each hotel can also afford improvement to its service offerings as regards the remaining key factors of this study (perceived quality, perceived value, trust, and satisfaction). Results indicate that Intercontinental ranked the lowest when it came to "perceived quality." Wyndham also underperformed when it came to "perceived value" (3.23). There was no indication of an outlying value when it came to "trust" and "satisfaction" and the responses received. As the findings also indicate, there are hotels performing well as regards certain and/or all the prescribed determinants. Hilton has the highest mean responses for a majority of the prescribed determinants. Aside from the results for this hotel brand, Wyndham is ranked well in its "perceived quality" and responses for Starwood's "perceived value" were also favorable. Findings for Marriott were also regarded well when it came to "satisfaction" and "membership program."

**The impact of determinants on Attitudinal Loyalty**

Based on the findings illustrated in table 3 in regard to the study's determinants and attitudinal loyalty, the coefficient of the determinant (R2) was .39 and the adjusted R2 was .38. As it regarded attitudinal loyalty, the F-ratio value was 36.96 (p<.01), indicating that the results of this regression model could hardly have occurred by chance. In order to assess the relative importance, beta coefficients are used: the higher the beta coefficients, the more important each factor. It is important to note that all five turned out to be statistically significant (p<.01) antecedents influencing attitudinal loyalty. The most important factor affecting guest attitudinal loyalty was found to be "satisfaction" with a beta value of .38 followed by "trust" with .30, and "membership program" with .29. Perceived value with a beta value of .13 was found to be the least important key factor affecting guest attitudinal loyalty and perceived quality with .25 was the second least important one. Luxury hotel guests perceive "satisfaction" to be of highest importance and

“perceived” value to be least important, based on beta value and significance level. To detect multi-collinearity, variance influential factor (VIF) testing was conducted. No serious multi-collinearity is present with respect to the determinants against attitudinal loyalty components, since a variation inflation factor (VIF) of 1 is much smaller than the threshold value of 10 (Hair et al., 1995). It can be concluded that, in descending order, trust, satisfaction, membership program, perceived quality, and perceived value were found to be significant determinants of attitudinal loyalty.

**Table 3. Regression of Attitudinal Loyalty <sup>a</sup>**

<b>Independent Variable</b>	<b>b</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>	<b>VIF</b>
Constant	.04				
Satisfaction	.36	.38	8.24	0.000	1.00
Trust	.29	.30	6.43	0.000	1.00
Membership Program	.28	.29	6.35	0.000	1.00
Perceived Quality	.24	.25	5.39	0.000	1.00
Perceived Value	.13	.13	2.79	0.006	1.00

a. R= .63, R2 = .39, adjusted R2= .38, F= 36.96, p <.01

#### **The impact of determinants on Behavioral Loyalty**

Results of the study’s determinants’ impact on behavioral loyalty indicated a coefficient of the determinant (R2) of .528 and an adjusted R2 of .520. In measuring importance, findings indicated a wide distribution of responses. “Satisfaction” (beta =.42) was again regarded as being most influential on behavioral loyalty followed by “Trust” (.41) and “Perceived quality” (.36). While “membership program” with a beta value of .29 was found to be the third most influential determinant on attitudinal loyalty, membership program has the least impact on behavioral loyalty with beta value of .13. When it came to the F-ratio, the value based on behavioral loyalty was 65.15, further indicating the regression results did not happen by chance. An illustration of these results can be found in table 4.

**Table 4. Regression of Behavioral Loyalty <sup>a</sup>**

<b>Independent Variable</b>	<b>b</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>	<b>VIF</b>
Constant	.03				
Satisfaction	.41	.42	10.53	0.000	1.00
Trust	.40	.41	10.14	0.000	1.00
Membership Program	.35	.36	8.95	0.000	1.00
Perceived Quality	.19	.20	4.94	0.000	1.00
Perceived Value	.13	.13	3.24	0.000	1.00

a. R= .73, R2 = .53, adjusted R2= .52, F= 65.15, p<.01

#### **The impact of determinants on Overall Loyalty**

As regards guests’ measurement of the determinants and their impact on overall loyalty, the data indicated that an R2 existed of .53; also that an adjusted R2 resulted in a value of .52. For illustration purposes, additional data relating to the results can be found in table 5.

**Table 5. Regression of Overall Loyalty <sup>a</sup>**

<b>Independent Variable</b>	<b>b</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>	<b>VIF</b>
Constant	.04				
Satisfaction	.41	.44	10.88	0.000**	1.00
Trust	.37	.481	9.51	0.000**	1.00
Membership Program	.32	.33	8.23	0.000**	1.00
Perceived Quality	.16	.16	4.07	0.000**	1.00
Perceived Value	.23	.24	5.91	0.000**	1.00

a. R= .73, R2 = .53, adjusted R2= .52, F= 65.07, p<.01

Consistent with the previous two regression results, satisfaction and trust showed the highest influence on overall loyalty, with beta values of .44 and .38, respectively. Membership program (beta=.24) and perceived value (beta=.16) were the least influential determinants on overall loyalty. When it came to measuring the F-ratio, this statistically significant value was represented at 65.07. This was a clear sign of significance, based on the assessment of the determinants against overall loyalty (p<.01). It is important to note, for clarification purposes, that “overall loyalty” represents guests’ cumulative responses of both attitudinal and behavioral loyalty considerations. As regards the presence of multicollinearity, VIF indicated no correlation exists when considering the determinants against overall loyalty.

## HYPOTHESIS TESTING

To evaluate whether each key factor posed a positive impact on guest loyalty, the following discussed statistical findings to support the claim being made about the hypothesis being tested. It important to note that “loyalty” can be inferred to represent overall loyalty (both attitudinal and behavioral loyalty components).

### *Hypothesis 1 – Satisfaction has a positive impact on Loyalty*

Findings indicated that when measuring the impact of “satisfaction” on “loyalty,” this determinant was classified as having a “beta” coefficient of .44 and a “t” score of 10.88. Both values are the highest of all other determinants measured. In accounting for the amount of variance, this factor was responsible for 13.06% of the total variance. For reliability purposes, it is important to note that this factor received a finding of .73 as regards the usage of Cronbach’s alpha measurement. When it comes to significance, there is a significant relationship between the two constructs (.000).

Based on these findings, it can be concluded that “satisfaction” has a positive impact on “loyalty.”

### *Hypothesis 2 – Perceived Quality has a positive impact on Loyalty*

Guests perceived this determinant to play a major role in their loyalty considerations. The results indicated that a “beta” coefficient of .33 and a “t” score of 8.23 existed with respect to this assessment. Testing also revealed that this determinant encompassed 12.59% of the total variance. When it came to reliability, this factor received a Cronbach alpha measurement score of .68. Lastly, in regard to significance, “perceived quality” and “overall loyalty” were found to have a statistically valid level of significance (.000).

Based on these findings, it can be concluded that “perceived quality” has a positive impact on “loyalty.”

### *Hypothesis 3 – Perceived Value has a positive impact on Loyalty*

“Perceived value” received a “beta” coefficient of .16 and a “t” score of 4.07 in comparison to the responses related to other determinants. When it came to Cronbach’s reliability measurement, “perceived value” received a response score of .66. It also represented a variance level of 11.97%. Most importantly though, when it came to significance, the determinant was discovered to possess a level of significance ( $p=.000$ ). Thereby, it is concluded that “perceived value” does have a positive impact on “loyalty.”

Thereby, it is concluded that “perceived value” does have a positive impact on “loyalty.”

### *Hypothesis 4 – Trust has a positive impact on Loyalty*

Data results indicated that the “trust” determinant received a “beta” coefficient response of .384 (second highest of all other determinants) and it also had a “t” score of 9.51. Cronbach’s reliability measurement indicated that determinant received a score of .66. Variance testing revealed that “trust” accounted for 11.94% of the total variance. As it regarded significance, findings revealed that a significant relationship does exist between the two constructs.

Based on these findings, it can be affirmed that “trust” has a positive impact on “loyalty.”

### *Hypothesis 5 – Membership Programs has a positive impact on Loyalty*

As the study discussed previously, the focus of marketing efforts for hotels have shifted from being tactical to becoming more strategic in nature. The findings related to “membership program” revealed that a “beta” coefficient existed of .24 and that the determinant had a “t” score of 5.91. “Membership program” was also discovered to account for 16.38% of the total variance. For reliability purposes, Cronbach’s measurement revealed a score of .88 for the determinant. Based on significance testing, there is a significant relationship between the two constructs.

Thereby, based on the abovementioned findings, it can be inferred that “membership program” does have a positive impact on “loyalty.”

## CONCLUSION

Results from ANOVA test indicated that “perceived quality,” “trust,” and “satisfaction” were perceived to be statistically different between the various luxury brands represented. The two remaining determining factors, “perceived value” and “membership program,” however, were not found to be discriminate factors among the different luxury brands represented. Based on the findings, there is also a disparate range of determinant mean responses, thus indicating that improvement is needed. Among the determining factors and their relationship against attitudinal and behavioral loyalty, “satisfaction” was consistently valued the most, followed by “trust.” Disparity, however, become apparent when it came to the remaining determining factors (perceived quality, perceived value, and membership program). The attitudinal loyalty measurement regarded “membership program” as its third most valued while the behavioral loyalty

positioned “perceived quality” as its third. Results for the fourth most valued factor, indicated “perceived quality” from the attitudinal loyalty measurement, while “perceived value” was behavioral loyalty’s fourth most valued. The least valued factors for attitudinal and behavioral loyalty were “perceived value” and “membership program,” respectively. On a greater scale, in measuring overall loyalty, the determining factors were ranked as follows, in descending order from most to least important: “satisfaction,” “trust,” “perceived quality,” “membership program,” and “perceived value.”

From this analysis, it is quite apparent that differences exist between attitudinal and behavioral loyalty components, and both differ from the overall assessment of guest loyalty. The results from this study were found to comparably reflect the findings of notable researchers such as Taylor, Celuch, and Goodwin (2004, p. 223) as they found that “brand equity” and “trust” consistently appeared to be most influential in fostering both behavioral and attitudinal loyalty. The same was the case with Baloglu (2002, p. 54) as his study found that its “truly loyal” customers had more trust and emotional commitment to the casino than either of the other loyalty groups. It is based on the cross-comparison of these two findings that demonstrate how this particular study’s findings are somewhat similar in terms of classifying “trust” as an important key factor of customer loyalty.

It is important to note, however, that as was alluded from this study, “satisfaction” was found to be most valued by guests of luxury hotels. This is believed to be due to characteristics of the hotel industry. Unlike most industries, specifically the manufacturing industry, the hotel industry has evolved to the point that guests have greater options by which to choose their accommodation needs. It is very apparent that “satisfaction” is regarded as the salient dimension affecting customer loyalty among guests who patronize luxury hotels.

As a result of the accommodation choices provided, there is a relatively lower switching cost (if any) incurred by the guest in choosing to stay with a different hotel or companies for its accommodations. This hinders hoteliers’ abilities to retain guests, to foster “trust” and, ultimately, to promote guest loyalty towards its hotel and/or company. Since this study focuses on hotels, unlike other studies testing customers who patronized manufacturing products, particularly, it can be intuitively believed that findings relating to loyalty will vary as the customers and their perceptions differ from the other industries. This, thereby, serves as reasoning as to guests’ valuing of “satisfaction” over “trust;” it also serves as testament to hoteliers’ efforts to measure and assess “trust” through surveys disseminated to hotel guests. Based on the abovementioned, it can be concluded that this study can serve as a new and greater way to measure customer loyalty. This particular study differs from other loyalty studies in the fact that it adapts determining factors from loyalty studies, not only within the hospitality industry, but also from other industries, as well.

From an academic perspective, this study can serve as a model to be adopted for years to come in the key factors of loyalty in upscale hotels. The constructs, specifically “perceived value,” “perceived quality,” “satisfaction,” and “trust” have been of use for years, through various industries. These particular determinants will continue to be of use across industries as efforts are made to measure customer loyalty. However, as regards current practices of the hotel industry, the adaptation of “membership program,” will be beneficial as can be affirmed by the findings from this study. Loyalty programs have been developed with the purpose of inspiring loyalty efforts. However, as the study indicates, this determinant can provide greater loyalty assessment through its inclusion with the other prescribed key factors. This topic serves as a rare study relating to customer loyalty that includes the “membership program” determinant, which is an industry-specific variable. Researchers can build upon what has been done in this study to further assist in providing insight to hotels desiring to foster customer loyalty.

## FURTHER RESEARCH

It would be of great benefit to re-conduct this study in the future to measure and compare the findings over two or more occurrences. Although findings from this study do not illustrate concerns to consider as regards reliability, validity, and statistical significance, it is of great assurance to re-conduct this study before implementing the model constructed from this study. This is to ensure relative consistency in the findings derived. An additional study could also be conducted to measure customer loyalty with and without the inclusion of the determinant “affect,” and this particular measurement would provide insight as to its contribution to this assessment.

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