

The Relationship between Hotel Image, Customer Satisfaction and Customer Loyalty: A Case Study in Labuan, Malaysia

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ABSTRACT

The primary objective of this study is to examine the relationships between hotel image, customer satisfaction and loyalty of the selected hotels in Labuan. The study also examines the mediating effect of customer satisfaction on the relationship between hotel image and customer loyalty. Data from 210 hotel's customers were used for the statistical analysis. The multiple regression analysis results show that all of the dimensions of hotel image attributes have a significant effect on customer satisfaction. However, only one dimension of hotel image i.e. contact personal was found to have no significant influence on customer loyalty. The results also indicate that customer satisfaction does influence customer loyalty. The results from hierarchical regression show that customer satisfaction does mediate the relationship between hotel image attributes and customer loyalty. Managerial implication, limitations of the study and recommendations for future researchers are also included in the study.

Keywords: Hotel Image, Customer Satisfaction, Customer Loyalty

INTRODUCTION

The increasing growth of the hotel industry nowadays has crafted an intensified competition globally and thus increases the awareness and the importance of retaining customers. Lee (2003) quoted that hotel companies faced increasing competition from other lodging properties such extended-stay properties, home stay, bed-and-breakfast and campgrounds. Today, marketers are targeting on how to build loyalty of the customers to guarantee profitability, customer retention and competitive advantage. It was noted that a company that retains just 5 percent more of its customers will experience increasing in profit by 25 percent to 125 percent (Reicheld & Sasser, 1990). Many researchers have confirmed that customer satisfaction does strengthen the formation of loyalty in the service industry and retail industry (e.g., Suh & Yi, 2006; Chiou & Droge, 2006; Kandampully & Hu, 2007; Caruana, Money & Berthon, 2000; Kandampully, Juwaheer & Hu, 2011; Chi & Qu, 2008) and the image of an organization also has long been recognized as a strategic variable impacting customer satisfaction and loyalty (Caruana, Money & Berthon, 2000; Kandampully & Hu, 2007; Kandampully, et al., 2011; Chi & Qu, 2008).

Determining the right image for the hotel is crucial in order to satisfied customers as well as sustaining their loyalty. For example, the use of hotel facilities such as room, restaurant, bar or health club is no longer considered luxury but for many people these services have become an integral component of a lifestyle (Kandampully & Suhartanto, 2000). As image has been proven to be crucial and major concept in predicting consumer behavior (LeBlanc & Nguyen, 1996), repeat patronage (Bowen & Chen, 2001) and customer loyalty (Hung, 2008; Kandampully & Suhartanto, 2000; Kandampully, et al., 2011; Chi & Qu, 2008), many organizations are spending time, efforts and resources to build strong images for their business (Bennett & Rundle-Thiele, 2005; Aaker, 1991; Barich & Kotler, 1991).

Measuring the image of the hotel would helps the hotel management to determine the type of image the hotel is portraying, what types of people are their customers, and what characteristics are important in creating customer satisfaction and loyalty (Kandampully & Hu, 2007) and its position in the market (Park et al., 1986). Research on different aspects of hotel image is vital, for millions of dollars are spent by hotels every year to create and support brand images, which, they hope, are consistent with the customers' expectation (Jamal & Goode, 2001). It is proven that it more economically to retain customers than seeking new customers (Rosenbergh & Czepiel, 1983).

Although there are various findings related to the relationship between image, customer satisfaction and loyalty are open to doubt (Bloemer et al., 1998; Palacio et al., 2002). However, it is important to note that each of the image construct such as bank, restaurant, retail and automobile images are difference from each other as they have unique characteristics of image attributes which cannot simply adopted in hotel images. Therefore, the effect of hotel image on customer satisfaction and customer loyalty still need to be further validated in this study.

LITERATURE REVIEW

Hotel Image

Image is an important construct (Keller, 1993; Palacio et al., 2002) that has received great attention in marketing literature. Biel (1992) described image as “a cluster of attributes and associations that consumers connect to the brand name” (p. 8). Kotler (2001) defined image as a “set of beliefs, ideas, and impressions that a person holds regarding an object” (p. 273). These definitions addressed the cognitive aspect of image. For the purpose of this study, the hotel image is conceptualized based on the aforementioned approach and image based attributes.

A hotel in this study can describe as a product where customers purchase room nights and since the hotel image in this context will be an accumulated perception of various experiences at the hotel where the consumer stayed. The association between tangible characteristic such as physical environment, contact personnel, quality of services, corporate identity and accessibility (LeBlanc & Nguyen, 1996) and the intangibility services such as clean, comfortable, well-maintained rooms, convenient locations, a safe environment, as well as prompt and courteous service are an important components of client satisfaction (Knutson, 1988).

Previous research in the service and hospitality areas emphasized the importance of relationship building, design features, price and many of the tangible and intangible aspects of the hotel room. In the study of 30 hotel attributes, Saleh and Ryan (1992) found the important factors that influencing guests' selection of hotels are namely clean, spacious room, comfortable bed, the availability and food value of a restaurant, friendly staff and efficient service, convenient parking, as well as interior décor and exterior aesthetics. The top five hotel attributes ranked by Dolnicar & Otter (2003) are convenient location, service quality, reputation, friendliness of staff and price. All of these two studies measure their studied hotel attributes based on levels of importance.

The current study focuses on nine dimensions namely; physical environment, contact personnel, quality of services, corporate identity, accessibility, price-value for money, facilities, hotel restaurant and hotel website information on the basis of the literature adapted from LeBlanc & Nguyen (1996); Wei et al. (1999) and Law & Hsu (2005) to be further explored and modified specifically to cater the hotel's need, to determine if the dimensions will lead to the formation of customer satisfaction and loyalty. The study would base on the customer cognitive evaluation of the image (perception) in order to fit with the underlying theory of the traditional attitude model (cognitive-affective-conative). This proposed study will examine the impact of the hotel image dimensions attributes on customer satisfaction and loyalty intention. The idea from Bhat & Reddy (1998) which require the researchers to further explore the relationships between brand functionality on brand attitude, purchase intention and purchase behavior.

Customer Satisfaction

According to Giese and Cote (2000), there is no general agreement on the conceptual definition of satisfaction that was proposed by previous researchers (i.e. satisfaction literature from 1969 to 1997). The inconsistency of previous customer satisfaction definitions was due to: (1) disagreement as to whether satisfaction is a cognitive or an emotional evaluation construct, and (2) whether satisfaction is an outcome or a process (Yi, 1990; Giese & Cote, 2000).

Tse and Wilton (1988) defined satisfaction based on the cognitive perspective and process-oriented evaluation approach. The researchers suggested that satisfaction is “the consumer’s response to the evaluation of the perceived discrepancy between prior expectations (or some norm of performance) and the actual performance as perceived after its consumption” (p. 204).

Most researchers agree that customer satisfaction is an emotional response construct. For example, Westbrook and Reilly (1983) described satisfaction as “an emotional response to the experiences provided by and associated with particular products or services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall marketplace” (p. 256). Cadotte, Woodruff and Jenkins (1987) conceptualized satisfaction as “a feeling developed from an evaluation of the usage experience” (p. 305). Oliver (1997) described satisfaction as “the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or overfulfillment” (p. 13). The aforementioned definitions stress the consumer’s affective response towards the product/service and the consumption experience, which is an important aspect of customer satisfaction.

For the purpose of this study, the satisfaction response will be reflected towards the level of affection for the service which is consistent with the suggestions by Jacoby and Chestnut (1978) and Oliver (1997, 1999). Oliver (1999) suggested that consumers at the affective stage would develop a positive attitude towards/liking the brand/product/service as a result of satisfactory repetitive usage over time.

Customer Loyalty

Most researchers have been conceptualized and operationalized customer loyalty based on attitudinal approach (i.e. more specifically, the behavioral intention concept) such as intention to recommend the brand to others and intention to repurchase (e.g., Johnson, Herrmann, & Huber, 2006; Lau & Lee, 1999; Kandampully & Suharto, 2000; Chiou et al., 2002) as indicators for customer loyalty or loyalty intention.

Jones and Sasser (1995) stated that intention to repurchase can be measured by asking consumers about their future intentions/willingness to repurchase a given product or service. Furthermore, the researchers suggests that (1) companies can capture this information (i.e. intent to

repurchase) when they measure satisfaction, making it relatively easy to link intentions and satisfaction for analytical purposes, (2) intent to repurchase can be measured at any time in the customer relationship making it especially valuable in industries with a long repurchase cycle and, (3) Finally, intent to repurchase is a strong indicator of future behavior (p. 94).

Although there are three approaches that can be used to measure loyalty (i.e. behavioral, attitudinal, and composite approaches), most researchers resort to attitudinal measurement in terms of intention to repurchase and intention to recommend as an indicator of loyalty intention (e.g., Jones & Sasser, 1995; Johnson, Herrmann, & Huber, 2006; Lau & Lee, 1999; Kandampully & Suhartanto, 2000; Suh & Yi, 2006; Chiou et al, 2002).

Theoretical Framework and Hypotheses Development

In order to understand the development of loyalty, Jacoby and Chestnut (1978) and Oliver (1997, 1999) suggested that researchers should assess consumer beliefs, state of affect, and behavioral intention within the traditional attitude structure. Based upon this assumption, the present study suggests that the hotel image could be captured by customers' cognition (beliefs) regarding the image attributes. This indicates that the variables would generally form a hotel image (physical environment, contact personnel, quality of services, hotel reputation, accessibility, price-value for money and hotel website information), and these consequently may influence customer satisfaction, which in turn leads to the formation of customer loyalty. Thus, this study proposes to examine the relationships between hotel image, customer satisfaction and loyalty. Below is a brief overview on the relationships of the constructs in the proposed theoretical framework (Figure 1 depicts the modification of research conceptual framework after factor analysis).



Figure 1 The modification of research conceptual framework.

Relationship between Hotel Image and Customer Loyalty

Previous studies have shown that image has positive effect on customer loyalty especially in retail and service literature. However, Bloemer and de Ruyter (1998) opposed the idea and argue that the relationship literally between the image and loyalty remains inconclusive. For instance, the image of a store has an indirect effect on store loyalty through store satisfaction. Apart from that, another research found that the image attributes and image holistic positively influenced customers' loyalty which operationalized as recommendation and repurchase intention in the context of hotel industry

(Kandampully & Suhartanto, 2000). More recently, Kandampully et al. (2011) found that corporate image of the hotel positively influence tourism customers' loyalty. In this context the hypothesis is:

H1: There is a positive relationship between hotel image and customer loyalty.

Relationship between Hotel Image and Customer Satisfaction

The relationship between image and satisfaction has been validated mostly in store/retail image literature (e.g., Bloemer & de Ruyter, 1998; Koo, 2003), corporate image and in the services industry (e.g., Andreassen & Lindestad, 1998; Palacio, Meneses & Perez, 2002; Nguyen & LeBlanc, 1998). Recently, in the study of tourism industry, Chi and Qu (2008) found that destination image directly influenced overall satisfaction. Similarly, Sondoh, Omar, Wahid, Ismail and Harun (2007) found that brand image benefits (i.e. functional, social, experiential and appearance enhances) positively related to overall satisfaction in the context of colored cosmetic product. Therefore, the following hypotheses are drawn:

H2: There is a positive relationship between hotel image and customer satisfaction.

Relationship between Customer Satisfaction and Customer Loyalty

Several studies have verified that consumer satisfaction positively influences loyalty (e.g., Bodet, 2008; Suh & Yi, 2006; Chiou & Droge, 2006; Yang & Peterson, 2004). Thus, customers that satisfy with the stay are more likely to recommend and stay loyal to the hotel. Empirical evidence in image studies for example in the retail and service industry confirmed that satisfaction has strong influence on loyalty intention such as intention to recommend (Nguyen & LeBlanc, 1998; Kandampully & Suhartanto, 2000), intention to repurchase (Kandampully & Suhartanto, 2000), intention to revisit the store (Bloemer & de Ruyter, 1998) and destination loyalty (Chi & Qu, 2008). Therefore, the following hypotheses are drawn:

H3: There is a positive relationship between customer satisfaction and customer loyalty.

Mediating Effect of Customer Satisfaction on the Relationship between Hotel Image and Customer Loyalty

The literature on retail image and service indicates some empirical evidence to support that satisfaction acts as a mediator between store image and loyalty (e.g., Bloemer & de Ruyter, 1998), between perceived product/service quality and loyalty (e.g., Caruana, 2002; Bei & Chiao, 2001; Chiou & Droge, 2006) and between perceived value and customer loyalty (Caruana & Fenech, 2005; Yang & Peterson, 2004). For instance, a study of service quality in a bank setting by Caruana (2002) reported that customer satisfaction mediates the relationship between service quality and service loyalty. Similarly, Chiou and Droge (2006) found that service quality and attribute satisfaction have indirect effects on attitudinal and behavioral loyalty through overall satisfaction in the context of premium cosmetics company. Sondoh (2009), in his study of colored cosmetic product found that overall customer satisfaction fully mediates the relationships between the brand's country of origin image and loyalty intention and between symbolic benefits and loyalty intention. Therefore, the following hypotheses are drawn:

H4: Customer satisfaction mediates the relationship between hotel image and customer loyalty.

METHODOLOGY

This research employed a correlational study using a cross-sectional survey design aiming to test the relationship between the hotel image (independent variable), customer satisfaction (mediating variable) and customer loyalty (dependent variable). A self-administered questionnaire was developed using structured questions. The target population of this research was the existing guest staying in the hotel and tourist who came to Labuan F.T. either for business or leisure purposes. A non probability convenient sampling was used to distribute questionnaire to the target population.

Measurement

Most of the instruments used to measure the constructs involved in this study were adapted from various researchers (see appendix). Those items were modified in order to fit with the hotel setting. A five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5) was used to assess each statement (i.e. hotel image attributes and customer satisfaction items). However, customer loyalty items were measured on a five point Likert scale ranging from “very unlikely” (1) to “very likely” (5).

RESULTS AND ANALYSIS

A total of 400 questionnaires were distributed. However, only 280 questionnaires were returned. Out of these 280 responses, 30 questionnaires were not usable due to incomplete information. Thus, the usable numbers of questionnaires in this study is 250.

Table 1 shows the demographic profile of the respondents. A total of 250 participants were included in the final sample. The analysis of the respondents’ information reveals that approximately 64.8% of the respondents aged range from 31-40 and ethnic background was predominantly Chinese (46.0%) of the samples. As for educational achievement, about 40.4% of the respondents possessing qualifications of STPM/College Diploma, about 51.2% of the samples were private sector, 47.2% and about 42.0% were represented by middle management. Most of the respondents travel to Labuan on business purposes with 72.4%. The important factor in choosing the hotel was based on the standard of service with 50.8%, friendliness with 20.4%, location wise with 19.2% and lastly price, 9.6%.

Table 1 *Profile of Respondents*

Variables	Categories	Frequen cy	Percentag e
Age	21-31	19	7.6
	31-40	162	64.8
	41-50	55	22.0
	51 and above	14	5.6
Ethnicity	Malay	33	13.2
	Chinese	115	46.0

	Indian	44	17.6
	Sabah & Sarawak natives	14	5.6
	Caucasian	2	0.8
	African	2	0.8
	American	12	4.8
	British	21	8.4
	Others	7	2.8
Educational Qualification	SPM and lower	59	23.6
	STPM/College Diploma	101	40.4
	Bachelor's degree	80	32.0
	Masters	38	3.2
	Others	2	0.8
Occupation	Public Sector	118	47.2
	Private Sector	128	51.2
	Self Employed	4	1.6
Job Position	Professional	11	4.4
	Top management	41	16.4
	Middle management	105	42.0
	Lower management	69	27.6
	Supporting staff	24	9.6
Duration	One day	25	10.0
	More than two days less than a week	181	72.4
	More than one week	23	9.2
	Long term guest (more than a month)	21	8.4
Purpose of staying	Vacation	50	20.0
	Business	181	72.4
	Others	19	7.6
	No	148	59.2
Important factor in choosing this hotel?	Location	48	19.2
	Standard of service	127	50.8
	Friendliness	51	20.4
	Price	24	9.6

Reliability Analysis

The Cronbach's alpha for each of the four dimensions of hotel image, customer satisfaction and customer loyalty are presented in Table 2. In order to examine the internal consistency of the factors obtained or the scales used in this study, Cronbach's alpha was calculated. The Cronbach's entire alpha values revealed significantly over 0.8 except for physical environment factors which is .68 but still considered acceptable as per the study conducted by Sekaran (2003) stated values of 0.7 are still considered acceptable. The Cronbach's alpha value for each of the four dimensions of hotel image ranged from .68 to .96.

Table 2 *Reliability Analysis, Means and Standard Deviations of the Study Variables*

Construct	Variable	No of Items	Cronbach's alpha	Mean	Std. Dev.
Hotel image	Hotel reputation	7	.90	3.07	.68
	Website information	5	.91	2.73	.79
	Contact personnel	3	.92	3.05	.84
	Physical environment	2	.68	3.11	1.02
Satisfaction	Customer Satisfaction	5	.94	3.11	.79
Loyalty	Customer loyalty	6	.96	3.23	.78

Note: All items used a 5-point Likert scale (1 = strongly disagree and 5 = strongly agree or 1= very unlikely and 5= very likely)

Hypotheses Testing

Multi regression analysis was used to test all the hypotheses postulated in this study. The first (H1) hypothesis examined whether there is a positive relationship between hotel image and customer loyalty. Results in Table 3 indicated that 56.2% variances in customer loyalty can be explained by hotel image attributes ($R^2 = .562$, $p < 0.01$). There are three dimensions of hotel image attributes found to have positive influences on customer loyalty i.e. hotel reputation ($\beta = .512$, $p < 0.01$), physical environment ($\beta = .191$, $p < 0.01$) and website information ($\beta = .224$, $p < 0.01$). However, only one hotel image attribute namely contact personnel that found to have no significant relationship with customer loyalty. Therefore, H1 is partially supported.

Hypothesis 2 posited that there is a positive relationship between hotel image and customer satisfaction. The results in Table 4 revealed that 70.8% of the total variances in customer satisfaction were explained

by hotel image ($R^2 = .708$, $p > 0.01$). The results indicate that all of the hotel image dimensions are found to have significant influences on customer satisfaction, i.e. hotel reputation ($\beta = .507$, $p < 0.01$), contact personnel ($\beta = .089$, $p < 0.05$), physical environment ($\beta = .157$, $p < 0.01$) and website information ($\beta = .312$, $p < 0.01$). This indicates that H2 is fully supported.

Table 3 *Regression Analysis of Hotel Image with Customer Loyalty*

Dependent Variable	Independent Variables	Std. Coefficient Beta (β)
Customer loyalty	Hotel image:	
	Hotel reputation	.512**
	Contact Personnel	.012
	Physical environment	.191**
	Website information	.234**
	R^2	.562
	Adjust R^2	.555
	Sig. F	78.02**

Note: Significant levels: ** $p < 0.01$, * $p < 0.05$

Table 4 *Regression Analysis of Hotel Image with Customer Satisfaction*

Dependent Variable	Independent Variables	Std. Coefficient Beta (β)
Customer Satisfaction	Hotel image:	
	Hotel reputation	.507**
	Contact Personnel	.089*
	Physical environment	.157**
	Website information	.312**
	R^2	.708
	Adjust R^2	.703
	Sig. F	145.63**

Note: Significant levels: ** $p < 0.01$, * $p < 0.05$

As for the testing of H3, results in Table 5 show a positive relationship between customer satisfaction and customer loyalty. Results indicated that 72.4% of the variances in loyalty intention was explained by satisfaction ($R^2 = .724$, $\beta = 0.851$, $p < 0.01$). Therefore, H3 is supported.

Table 5 Regression Analysis of Customer Satisfaction with Customer Loyalty

Dependent Variable	Independent Variables	Std. Coefficient Beta (β)
Customer loyalty	Customer satisfaction	.851**
	R^2	.724
	Adjust R^2	.723
	Sig. F	617.943**

Note: Significant levels: ** $p < 0.01$, * $p < 0.05$

To test the mediating effect of customer satisfaction on the relationship between hotel image attributes and customer loyalty (H4), the current study utilized the hierarchical regression model. A series of prerequisite multiple regression analysis was carried out to test the relationship between dependent, independent and mediating variables following Baron and Kenny's (1986) model. From these analyses, only three dimensions of hotel image attributes (i.e. reputation, physical environment and websites information) fulfilled the conditions to be further examined in the mediating tests of hierarchical regression models.

Results provided in Table 6 indicate that for H4, customer satisfaction partially mediates the relationship between reputation and customer loyalty and also the relationship between physical environment and customer loyalty. The results show that reputation has a direct effect on customer loyalty ($\beta = 0.498$, $p < 0.01$) as well as an indirect effect ($\beta = 0.265$, $p < 0.01$) through satisfaction. Similarly, physical environment has a direct effect on customer loyalty ($\beta = 0.185$, $p < 0.01$) as well as an indirect effect ($\beta = 0.113$, $p < 0.01$) through satisfaction. On the other hand, customer satisfaction demonstrated full mediation between websites information and customer loyalty. The inclusion of customer satisfaction has resulted in the insignificant Std. Beta coefficient ($\beta = 0.074$) in step 2 for websites information.

Table 6 *Mediating Effect of Customer Satisfaction on the Relationship between Hotel Image and Customer Loyalty*

Dependent Variable	Variables	Std. beta without mediator (model 1)	Std. beta with mediator (model 2)	Result
Customer loyalty	Independent Variables:			
	Hotel reputation	.498**	.265**	Partial mediation
	Physical environment	.185**	.113**	Partial mediation
	Website information	.216**	.074	Full mediation
	Mediator:			
	Customer satisfaction		.453**	
R ²		.522	.597	
Adjust R ²		.516	.591	
R ² change		.522	.075	
F change		89.631**	45.760**	

Note: Significant levels: *p < 0.05, **p < 0.01

DISCUSSION

In today's globally competitive market, hospitality firms have to seek ways by which they can communicate uniqueness to its customers through superior performance so as to enhance the hotel image, customer satisfaction and to gain customer loyalty. Hotel firms' service focus should aim to enhance their image, customer satisfaction and loyalty on an ongoing basis. However, hospitality managers have to develop long term service oriented strategies that will help to orchestrate the firm and its employees to focus on the customer. It is the firm's intense customer focus that will help them to become service oriented that will enhance the hotel image in the customers mind. Moreover, image, customer satisfaction and loyalty are intricately correlated and have direct influence on each other.

Thus from a strategic perspective the relationship should be managed by coordinating operational, human resources and marketing through customer focus and service orientation. In fact, marketing may prove virtually ineffective if the hotels' service promises are not fulfilled by the employees operationally. Image building service strategies should be part of the firm's commitment to sustain superior operational performance (E.g. Grand Dorsett Labuan Hotel maintains its international position in the hospitality industry by maintaining its superior standard of service and enhance their

reputation on an ongoing basis). Thus it is imperative that hospitality firms take on the task of long term commitment. Although there is no quick fix to gain positive image, building image should be taken up not merely as a marketing initiative but also as an operational challenge. It is the operations that reinforce the image in the customers' mind and therefore service quality and customer satisfaction should aim to build long-term image of the firm rather than short-term operational benefit.

Limitations and Recommendations for Future Research

Several limitations exist in this study. First the data from this study was collected from one category of hotel which is focus only on the international and 4-stars hotel. It might be more meaningful to include on other category/rating of hotels in order to obtain more understanding on the relationships of the variables and comparison between the category/rating of hotels since Labuan has a very limited hotel.

Secondly, the study focused on only one dimension that affects customer satisfaction and customer loyalty. As hotel image may not be sufficient to generate customer loyalty alone, thus future studies can include different types of variables such as prior experience, risk and value that may cause customer satisfaction and loyalty in the hotel industry. With regard to hotel image, this study focused more on hotel image attribute that related to the tangible and intangible characteristic of the hotel. There may be other potential images that play a part in the formation of customer satisfaction and loyalty. Therefore, future research might employ a broader conceptualization of image such as image benefits that were suggested by Na, Marshall, and Keller (1999). These researchers argued that "image cannot be measured by attribute measurements alone but must include measurements of consumers' perceptions of the value and benefits attainable from using the brand/product/service" (p. 171).

The third limitation is the problem faced by the researcher in carrying out the survey. The researcher has to admit that convincing survey participants for the timely return of completed questionnaire was not an easy task as most of the respondents took about three weeks to complete the survey citing work commitments, or being outstation as the reason for the late feedback. In trying to get a balance feedback and reasonable inferences from this project, the researcher also acknowledges the possibility of inadequacy of the survey questionnaires in covering the objective of this research, as well as possible misinterpretations or inadvertent biasness. Similarly, the researcher is also of the opinion that possibilities may also exist as regards to respondents' exaggeration or misinterpretations of the questionnaires and their feedback, which could affect the analysis of the overall survey.

Finding out what factors contribute to loyalty and satisfaction are imperative in the success of a hotel. Addressing the issues mentioned above and broadening customer assessments of hotel image can lead to a better understanding of the consumer behavior in future.

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APPENDIX A

Factor Analysis of Hotel Image Attributes

Items	F1	F2	F3	F4	Source
Factor 1: Hotel Reputation					
I believe this hotel always fulfills the promises it makes to its customers.	.776				Nguyen & LeBlanc (2001)
The hotel is considered a "top quality hotel".	.759				Lee (2003)
The hotel service is considered very reliable.	.749				Lee (2003)
The hotel has a good reputation.	.722				Nguyen & LeBlanc (2001)
I find staying at the hotel totally trustworthy.	.719				Burt & Carralero-Encinas (2000)
The hotel is near to the town area.	.708				Lee (2003)
The quality of hotel service is consistently high.	.646				Lee (2003)
Factor 2: Website information					
The hotel promotions are up-to-date.		.863			Law & Hsu (2005)
The hotel's photo features are the same with the actual view.		.826			Law & Hsu (2005)
The hotel's contact information is up-to-date.		.819			Law & Hsu (2005)
The room rates information is up-to-date.		.801			Law & Hsu (2005)
The map of the hotel's location is defined clearly in the website.		.800			Law & Hsu (2005)
Factor 3: Contact Personnel					
Employees offer prompt service.			.889		Lee (2003)
Employees are neat in appearance.			.861		Lee (2003)
Employees are always willing to help guest.			.822		Lee (2003)
Factor 4: Physical Environment					
The interior of the hotel is well decorated.				.832	Lee (2003)
The rooms are well furnished.				.818	Lee (2003)

Eigen Value		7.37	2.27	1.60	1.16
% of Variance		24.60	22.26	15.89	10.05
% Total Variance Explained	72.81				
KMO	.87				

APPENDIX B

Factor Analysis of Customer Satisfaction

Items	Factor Loadings	Source
Customer Satisfaction		
I believe that staying here is a very satisfying experience.	.966	Taylor & Baker (1994)
I genuinely enjoy staying at this hotel.	.939	Oliver (1980)
I did the right thing to stay here.	.938	Oliver (1980)
I am very satisfied with my decision to stay here.	.837	Oliver (1980)
The hotel does a good job in satisfying my needs.	.825	Grace & O’Cass (2005)
Eigen Value	4.08	
% Total Variance Explained	81.53	
KMO	.830	

APPENDIX C

Factor Analysis of Customer Loyalty

Items	Factor Loadings	Source
Customer Loyalty		
I will recommend this hotel to friends and relatives.	.976	Zeithaml et al. (1996)
In future, the hotel will be my first choice.	.975	Zeithaml et al. (1996)
I will recommend this hotel to anyone who seeks my advice.	.975	Zeithaml et al. (1996)
I am more likely to revisit the hotel in future.	.955	Zeithaml et al. (1996)
I will say positive things about the hotel to other people.	.955	Zeithaml et al. (1996)
I would not switch to another hotel the next time.	.652	LeBlanc & Nguyen (1996)
Eigenvalue	5.01	
Total Variance Explained	85.02	
KMO	.822	

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