Customer Loyalty and the Impacts of Service Quality: The Case of Five Star Hotels in Jordan

Al-Rousan, M. Ramzi, Badaruddin Mohamed

Abstract—In the present Jordan hotels scenario, service quality is a vital competitive policy to keep customer support and build great base. Hotels are trying to win customer loyalty by providing enhanced quality services. This paper attempts to examine the impact of tourism service quality dimension in the Jordanian five star hotels. A total of 322 surveys were administrated to tourists who were staying at three branches Marriott hotel in Jordan. The results show that dimensions of service quality such as empathy, reliability, responsiveness and tangibility significantly predict customer loyalty. Specifically, among the dimension of tourism service quality, the most significant predictor of customer loyalty is tangibility. This paper implies that five star hotels in Jordan should also come forward and try their best to present better tourism service quality to win back their customers’ loyalty.

Keywords—Tourism, Service Quality, Loyalty, Five Star hotels, Jordan.

I. INTRODUCTION

The hotel industry, in particular, and all businesses whose service depend on building long term relationship need to concentrate on maintaining customer’s loyalty. In this respect, loyalty is greatly influenced by service quality. As such, hotels often invest in managing their relationships with customers and maintaining quality to ensure that customers whose loyalty is in the short term will continue to be loyal in the long term. The growth in tourism is well in sight as evident in the researches and analyses conducted by experts and relevant organizations in this industry. Burns and Holden [1] were among the early proponents of the idea where tourism is becoming one of the largest global export industries. Subsequently, Weaver and Oppermann [2] have observed that tourism has developed from a marginal local activity to a global economic giant representing about 6 per cent of the global economy and creating approximately 200 million jobs worldwide during the later decades of the twentieth century. With the rapid growth in the tourism industry, it is projected that global travel and tourism would generate US$7.0 trillion in economic activity and 260 million jobs by 2011[3]. The robust growth is also attested to by the analyses conducted by the United Nation’s World Tourism Organization [4]. The above statistics have illustrated that the tourism industry has joined the ranks of agriculture and mining in terms of industry size.

Together with customer’s loyalty, quality is an equally important factor and may lead to the success of the tourism business. Kandampully [5] has emphasized that quality will steer tourism firms to successfully encounter the competitive challenges of the future.

For Parasuraman et al. [6], service quality is both the significant differentiator and the most aggressive weapon possessed by many leading service organization. It has been discovered that leading service organizations endeavor to sustain a superior quality of service over their competitors in an effort to acquire and retain customer loyalty [7]. This is based on the concept where the service organizations’ ability to expand and maintain a large and loyal customer base is essential for their long term success in a market. In the face of such critical importance of customer loyalty being vital for business survival [8], it is rather strange that the relationships between service quality and customer loyalty are not equally well-developed [9]; [10].

This paper is a part of an extensive study conducted on tourism service quality focusing on the importance of the relationship between tourism service quality dimensions and customer loyalty at five star hotels in Jordan.

II. CUSTOMER LOYALTY AND TOURISM SERVICE QUALITY

As it is, feelings and attitudes experienced by customers via the service provided by hotels form the perception of service quality. Based on their personal perceptions of the services, customers generally form their experiences [11]. Many studies have investigated the relationship between service quality and customer loyalty [12]; [13].

In addition, customer loyalty is seen as one of the major facilitators of service quality that emerged from the literature. Customer loyalty happens when there is repeated purchasing by the same customers and their willingness to recommend the product to other customers without any outright benefits [15], and eventually the repeated usages would generate positive and quantifiable financial results [16].

Among the economic benefits of customer loyalty are improvements in retention and increase in the share of a
company. Customer loyalty means a customer would return or continue to use the same product or other products of the same organization, make business referrals, and intentionally or even unintentionally providing strong word-of-mouth references and publicity [17]. Loyal customers are those who are not easily swayed by price inducements from competitors, and they usually purchase more than those less loyal customers [18]. On the other hand, service providers must avoid being complacent as retained customers may not always be the satisfied ones and similarly not all satisfied customers may always be retained. There are many factors for such manner of loyal customers. Some customers may remain loyal due to high switching barriers or the lack of real substitutes, while others continue to be loyal because they are satisfied with the services provided. Past researches have pointed out that perceived service quality has an impact on customer loyalty. In their study on retail trade, Wong and Sohal [19] discovered a positive relationship between service quality and customer loyalty. Other researchers had found a positive relationship between service quality and loyalty in the banking sector [12]; [20]. All the researchers have unilaterally agreed that service quality is related to behavioral outcomes, especially in the form of word-of-mouth, complaint, recommendation and switching. The methods to measure how service quality helps practitioners effectively manage the delivery of quality service have become the focus of other researchers [21]; [6]; [22]; [23]; [24]; [25]. Among the various measurement models/frameworks on service quality in the existing literature, SERVQUAL and SERVPERF are becoming quite popular.

Parasuraman et al. [6] developed SERVQUAL in their study, which includes tangibles, responsiveness, assurance-empathy and reliability. Subsequently, the SERVQUAL framework has guided numerous studies in the service sector focusing on various organizations, like hotels [26], tourism [27], dental services [28], hospitals [29]; [30]. However, critics have questioned and found faults with its conceptual appropriateness [31], low reliability [32], problems with discriminate validity [33] and also unstable dimensionality [22]; [34]; [35]; [36]; [37]; [14]. As a result, Cronin and Taylor [24] developed SERVPERF, a modified and improved version of SERVQUAL, which determines service quality by only measuring performance. Based on the literature review in the field of service quality, this study aims to address certain gaps that have been identified. For a start, there is a scarcity of empirical research investigating the association of all the variables of service quality and customer loyalty in the Jordanian hotel industry. Apart from this, the impact on the hotels’ attitudes to provide better quality services in the face of economic changes need to be addressed as well. The main objective of this study is to examine the strength of association between the variables of service quality and customer loyalty in five-star hotels in Jordan.

III. HYPOTHESIS

In the tourism sector, service quality has two aspects [38] in the form of basic service quality and responsiveness. The first is basic service quality, and it involves cycle time, on-time delivery, and inventory availability. The second aspect is responsiveness, which is how an individual customer’s requests are handled beyond traditional service measure [39]. Service quality measures how well the service delivered could match customer’s expectations while delivery service quality refers to meeting and satisfying customer’s expectation consistently and positively. Therefore, this research tests whether there is a positive relationship between service quality and customer loyalty. Therefore, the hypotheses of this study can be formulated as follow:

Hypotheses I: Tourism service quality positively affects customer loyalty in five star hotels in Jordan

H1.a: There is a significant positive correlation between tangibility and customer loyalty in five star hotels in Jordan. 

H1b: There is a significant positive correlation between reliability and customer loyalty in five star hotels in Jordan.

H1c: There is a significant positive correlation between responsiveness and customer loyalty in five star hotels in Jordan.

H1d: There is a significant positive correlation between assurance and customer loyalty in five star hotels in Jordan.

H1e: There is a significant positive correlation between empathy and customer loyalty in five star hotels in Jordan.

IV. METHODOLOGY

A self-administered questionnaire, an adapted version of SERVQUAL scale, was used in this paper to measure the perceived tourism service quality of the hotel guests. There are various models used by researchers to assess service quality, i.e. SERVQUAL [40], SERVPERF [24] and Non-Difference [41]. This study used the SERVQUAL model to measure the study dimensions due to its high reliability and validity in previous studies. Our research instrument design is based on the five dimensions of service quality and the 23 service items of the SERVQUAL model. Some modifications were made to the items in order to suit the context of hotels. The questionnaire was divided into three parts. The first part of the questionnaire contained questions relating to socio-demographic data about the respondents. The second part was designed to measure the respondents’ perceptions regarding quality of services offered by the hotel. Meanwhile, the third part of the questionnaire assessed the respondents’ perceptions regarding loyalty on the same five-point scale. Seven customer loyalty items were adapted from Zeithaml et al., [7] and Ndubisi [42]. The researchers introduced the tool of measurement in such a way that it briefly illustrated the topic of the study and procedures of response. The measurement grades were placed according to the five-point Likert scale [43]. The scales were ordered regressed as follows: Strongly agree (5), Agree (4), Neutral (3), Disagree (2), and strongly disagree (1).

The study was conducted in three branches of the Marriot Hotel chain situated in three cities in Jordan for three months in the summer of 2008. The target population selected for this study during the data collection period comprised tourists who stayed in all three branches of the Marriot Hotel. A convenience sampling approach [44] was employed, in which 322 questionnaires were distributed to the guests who agreed to participate in the survey. The guests completed the questionnaires in the presence of the researchers. The
completed questionnaires were then collected by the
researchers immediately.

The Statistical Package for the Social Sciences (SPSS)
version 16.0 was used to analyze the data. Descriptive statistics
analysis was used to measure customers’ perception scores. To
explore the dimensionality of the 23-item scale, a factor
analysis was performed. Validity and reliability of the adapted
scale were established. Validity tests determine how well an
instrument measures a particular concept. Reliability of a scale,
on the other hand, indicates the stability and consistency with
which the instrument measures the concept and helps assess the
suitability of a measure [45]. A reliability analysis was
employed to have an idea on the internal consistency among the
items and the convergent validity of the overall scale.

Within-scale factor analyses were used to ensure that all
indicators in the scale measured the same construct. This
process is known as construct validity [46]. To test the internal
consistency of each factor, a reliability analysis was conducted.
Based on the new factors derived from the factor analysis, a
multiple regression analysis was used to identify the relative
importance of the factors in predicting customer loyalty with
the service quality provided by the Marriott hotels in Jordan.

V. RESULT AND ANALYSIS

The analyses of the collected data were carried out through
various statistical techniques such as factor analysis, validity
analysis and multiple regressions. The data were compiled and
analyzed using the Statistical Package for the Social Science
(SPSS 16) for Windows computer software.

Table I shows the demographics of the respondents. As can
be seen from Table I, the gender distribution was 56.5% female
and 43.5% male. The highest proportion of the respondents
(18.3%) fell into >63 year age group, followed by the 27-32
year age group (14.9%). The majority of respondents were
married (51.9%). The question on the educational level of
customers showed that 42.5% of the respondents had a
university degree, followed by diploma (20.2%), postgraduate
(12.1), and others (Professional Editor, Specialized Market
Research). A variety of occupations were reported by the
respondents. The highest frequencies were private sector
(45.5%), followed by government (18.9%). As for annual
income, the highest rate was $21000-$30000 (32.0%), while
the lowest rate was $61000-$70000 (2.5%).

Figure 1 show that the majority of respondents came from
Europe (70%) followed by America (19%), while the number
of tourists from Australia (6%) and Asia (5%).

VI. FACTOR ANALYSIS

Factor analysis was used to reduce the items to several
factors. Some items sometimes represent the same idea, thus
these can be omitted if they are redundant or unnecessary. The
number of participants in the present research is 322. According to Hair et al. [47], if the number of samples in the
factor analysis is 100 or larger, factor loadings in the range of ±
.30 to ± .40 are considered to meet the minimal level for
interpretation of structure. Loading of ± .50 or greater are
considered practically significant, and loadings exceeding ± .70
are considered indicative of well-defined structure and are the
goal of any factor analysis. The adequacy of the sample size

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 years old</td>
<td>11</td>
<td>3.4</td>
</tr>
<tr>
<td>21-26 years old</td>
<td>28</td>
<td>8.7</td>
</tr>
<tr>
<td>27-32 years old</td>
<td>48</td>
<td>14.9</td>
</tr>
<tr>
<td>33-38 years old</td>
<td>43</td>
<td>13.4</td>
</tr>
<tr>
<td>39-44 years old</td>
<td>33</td>
<td>10.2</td>
</tr>
</tbody>
</table>
was confirmed using both the Kaiser-Meyer Olkin (KMO) test sampling adequacy and Bartlett’s Test of Sphericity. In fact, KMO for tourism service quality (0.86), customer satisfaction (0.89) and customer loyalty (0.89) exceeded satisfactory values. The retention decision of each item was based on factor loadings which were greater than or equal to 0.50; cross-loading with the other factors were generally smaller than 0.35[48].

VII. FACTOR ANALYSIS FOR TOURISM SERVICE QUALITY

The results of the factor analysis concerning tourism service quality shows that all of the items is found to have a five-dimensional construct with 23 items. The results indicate that the five factor solutions with Eigenvalues were greater than 1.0, and the total variance explained was 72.91% of the total variance. The KMO measurement of sampling adequacy was .86, indicating sufficient inter-correlations. Meanwhile, the Bartlett Test of Sphericity was significant (Chi square= 6.360, p<.001). By identifying whether or not the correlation matrix is an identity matrix, one can be certain if the variables are unrelated. The chi-Square significant level was less than .01. Therefore, a value higher than about .10 or so may indicate that data are not suitable for factor analysis as mentioned in Table II and Table III.

<table>
<thead>
<tr>
<th>TABLE II</th>
<th>KMO AND BARTLETT’S TEST FOR TOURISM SERVICE QUALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMO</td>
<td>Chi-Square</td>
</tr>
<tr>
<td>.862</td>
<td>6.3603</td>
</tr>
</tbody>
</table>

Note: ***p<0.001

VIII. FACTOR ANALYSIS OF CUSTOMER LOYALTY

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. Looking at the Table (IV), the KMO measure is .904. From the same table, we can see that the Bartlett's test of sphericity is significant (Chi-Square = 1.4923; p<.001). Table (V) explain a factor loading is the correlation between a variable. Factor loading came from a factor that has been extracted from the data set. The loading for customer loyalty was ranging from .783 to .858. At the same time, the Eigenvalues is 4.76 and the total variance is 68%.

<table>
<thead>
<tr>
<th>TABLE III</th>
<th>FACTOR ANALYSIS FOR TOURISM SERVICE QUALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component</td>
<td>Code X2</td>
</tr>
<tr>
<td>Tangibility (X1)</td>
<td>Furniture in this hotel is modern Q1 and comfortable</td>
</tr>
<tr>
<td></td>
<td>The interior and exterior Q2 decoration in this hotel is quite appealing</td>
</tr>
<tr>
<td></td>
<td>The employees have neat Q3 appearances</td>
</tr>
<tr>
<td></td>
<td>The hotel facilities are up-to-date Q4</td>
</tr>
</tbody>
</table>

The brochures and pamphlets are Q5 visually presented .258 .607 .192 .201 .120
The hotel is clean Q6 .043 .872 .088 .183 .102
Reliability (X2) The front-desk employee Q7 accurately verified the reservation requests .838 .139 .261 .177 .039
The time it took to check in or Q8 check out is not too long .701 .197 .060 .139 .273
The reservation system (e.g., Q9 telephone or internet reservation) is easy to use .610 .181 .108 .145 .260
Transport facilities are available Q10 .885 .096 .232 .140 .069
The employees provide error-free records Q11 .860 .175 .270 .139 .062
Responsiveness (X3) The employees are courteous Q12 .246 .192 .289 .601 .183
The employees gave us special Q13 attention .190 .150 .213 .813 .285
The employees adapted services to Q14 our needs .163 .238 .088 .830 .182
The staff are willing to help Q15 guests .146 .160 .132 .889 .262
Assurance (X4) The staff in the hotel are polite Q16 .103 .271 .118 .249 .670
The staff imparted confidence to Q17 the guests .063 .220 .268 .285 .685
The staff are friendly Q18 .163 .201 .183 .208 .797
The staff had sufficient support Q19 from the hotel to do their jobs .305 .011 .272 .165 .677
Empathy (X5) The employees quickly apologized Q20 when service mistakes are made .238 .085 .873 .182 .200
The employees listened carefully Q21 when you complain .216 .116 .906 .187 .165
The employees called the Q22 customers by name .212 .122 .864 .184 .133
Employees understand the Q23 customer's requirements .190 .204 .709 .078 .314
Eigenvalues 9.570 2.367 1.963 1.589 1.282
Total Variance (72.91%) 16.52 15.49 15.26 13.65 11.96

<table>
<thead>
<tr>
<th>TABLE IV</th>
<th>KMO AND BARTLETT’S TEST FOR CUSTOMER LOYALTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMO</td>
<td>Chi-Square</td>
</tr>
<tr>
<td>.904</td>
<td>1.4923</td>
</tr>
</tbody>
</table>
IX. VALIDITY ANALYSIS

Table (VI) presents the validity analysis for this research was carried out using Cronbach’s Alpha. The validity for the potential variables were found to be 0.85 for tangibility, 0.90 for reliability, 0.90 for responsiveness, 0.83 for assurance, 0.93 for empathy, and 0.92 for customer loyalty. Since the results are significantly higher than the value of 0.7, the questionnaire is deemed to have excellent stability and consistency.

A regression analysis was used to further investigate the relative importance of the five tourism service quality dimensions in predicting customer loyalty. Table (VII) shows the results of the regression analysis.

The hypothesis testing that was conducted to check for the direct relationship between tourism service quality and customer loyalty showed that that tangibility (β = .413, p<0.001; t-value = 9.062), reliability (β = .162, p<0.01; t-value = 3.437), responsiveness (β = .099, p<0.05; t-value = 1.991) and empathy (β = .219, p<0.01; t-value = 4.605) were found positively significant to customer loyalty. Nevertheless, assurance (β = .072, p>0.05; t-value = 1.431) was found not significant with customer loyalty. An examination of the t-values for the five dimensions indicated that the most important factor in predicting customer loyalty evaluation is "tangibility" followed by "empathy." It appears that hotel managers should exert more effort and focus to develop its service quality along these two vital dimensions as shown in Table (VII).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>0.85</td>
<td>4.02</td>
<td>0.59</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.90</td>
<td>3.87</td>
<td>0.66</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.90</td>
<td>4.00</td>
<td>0.69</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.83</td>
<td>3.93</td>
<td>0.63</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.93</td>
<td>3.82</td>
<td>0.80</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.92</td>
<td>3.99</td>
<td>0.68</td>
</tr>
</tbody>
</table>

One of the major criticisms SERVQUAL has received from researchers is on the dimensionality of service quality. The most serious criticisms concern the number of dimensions, and their stability from one context to another [49]. When SERVQUAL is employed in modified forms for different service fields, researchers identified varying numbers and contents of dimensions according to the service sector under investigation [49]. Parallel to these claims, numerous studies have been conducted on service quality in the hotel industry [34]; [50]; [51]; [52]. These studies have produced several contributions to help gain an understanding of the dimensional structure of service quality of hotels.

This study was conducted in the five star hotels in Jordan and identified five service quality dimensions tourists use to evaluate service quality in these hotels. The findings confirmed the five-dimensional structure of SERVQUAL, but some of the dimensions found along with its components differed from that of SERVQUAL. These findings support the claim that the number of service quality dimensions is dependent on the particular service being offered; in addition, different measures should be developed for different service contexts [23]; [22]. The studies conducted in the hotel industry produced different outcomes with regards the hierarchy of dimensions in contributing to an overall assessment of service quality. Akan [26] reported that the most important dimension is the "competence and competence of hotel personnel," while Mei et al., [52] reported that “employees” comprise the most important dimension. On the other hand, Saleh and Ryan [34] reported that most important dimension was “conviviality," while Knutson et al. [53] found it to be “reliability.” Ekinici et al. [54] stated in their study that “intangibles” were the most important dimensions influencing the perception of quality in the hotel sector. In this study, it was found that “assurance” is the most important factor in predicting tourists’ service quality evaluation. This appeared to be different from that in Parasuraman et al.'s [6] study, wherein “reliability” is defined as the best predictor. This finding suggests that for the guests of hotels, the purpose of their stay may be an important determining element when evaluating the quality of hotels.
X. CONCLUSION

In this study, a scale for measuring the service quality of five star hotels was proposed through exploratory factor analyses. Having knowledge on these areas would definitely help managers meet the challenge of improving service quality in the hotel industry. The current paper contributes to the theoretical orientation of tourism service quality and tourists’ satisfaction in hotel industry literature by determining some pivotal service quality levels. This study also identified five tourism service quality dimensions, namely, tangibility, reliability, responsiveness, assurance, and empathy, all of which comprise the criteria tourists use to evaluate the service quality of five star hotels in Jordan. The findings of this study indicate that the most important factor in predicting tourism service quality evaluation was tangibility, followed by empathy, reliability, and responsiveness. The findings of this study suggest that among the five dimensions of service quality, assurance has emerged as the best predictor of tourism service quality. These results support the idea that despite the usefulness of the SERVQUAL scale as a concept, it should be adapted for the service environment as well.

Along with the important findings obtained in this study, the modified questionnaire itself is another important contribution. The questionnaire developed through this study is suitable for use for tourists staying in five star hotels in Jordan, allowing them to confidently identify the service areas of services which require action. At the same time, the modified questionnaire could also provide indicators through which managers and planners can plan service policies that would result in satisfied customers. Finally, the results of this study may not have been representative of the whole population, due to the fact that a convenience sampling method was used to collect the data. This study was conducted for only five star hotels. To be able to generalize the findings for this specific hotel segment, a study that would include more hotels in a variety of regional settings could be conducted.

Monitoring customer loyalty has become an important focus for all managers in the hotel industry. Failure to recognize the power of customer satisfaction, especially their emotions, could destroy the power of customer retention and loyalty [55]. Therefore, the hotel management’s greatest challenge lies not only on attracting customers but specifically on identifying customer satisfaction individually. Customers may agree that the hotel provides high levels of service quality but not necessarily agree that the hotel ensures high satisfaction. If prices are perceived to be high, this may still have a negative effect on loyalty. Higher levels of quality are only meaningful to the extent that customers believe that value is being enhanced. Therefore, managers must carefully execute price competition and understand the value perceived by different market segments. Customers may sometimes refrain from purchasing when price is perceived to be too high, while some become suspicious of quality when price is too low. In summary, understanding the relationship among service quality and loyalty will help managers make decision and plan their strategies in the competitive hospitality market environment.

REFERENCES


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