

Examining the Effects of Service Performance, Hotel Attributes and Experiential Quality on Brand Loyalty: The Case of Hotel Impiana Morib

Jamaliah Mohd Yusof¹, Norsiah Ahmad², Shahira Ariffin³ and Fatin Mastura Mohd Mohid⁴

¹Faculty of Business and Management, Universiti Teknologi MARA Selangor, 42300 Puncak Alam, Selangor, Malaysia

Email: jamaliah162@salam.uitm.edu.my

²Faculty of Business and Management, Universiti Teknologi MARA Selangor, 42300 Puncak Alam, Selangor, Malaysia

Email: a.norsiah@salam.uitm.edu.my

³Faculty of Business and Management, Universiti Teknologi MARA Selangor, 42300 Puncak Alam, Selangor, Malaysia

Email: shahira@salam.uitm.edu.my

⁴Student of Universiti Teknologi MARA, Puncak Alam 42300, Selangor

Email: mastorzz93@gmail.com

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i11/5570>

DOI:10.6007/IJARBSS/v8-i11/5570

Published Date: 09 December 2018

ABSTRACT

The competitive environment in the lodging industry requires the strategic management to ensure quality experience and consequently loyalty among the customers. This study examines the relationships between service performance and attributes of hotel as well as experiential quality and brand loyalty. As the major contribution to literature, this study aims to introduce experiential quality as an important variable in the service sector. Data was collected using convenient sampling with a sample of 298 respondents comprising of the hotel guests. The findings of the study reveal that experiential quality not only has the strongest effect on brand loyalty, but also mediates the relationships between service performance as well as hotel attributes and brand loyalty. Understanding the results from this study may provide guidelines for hotel operators the differentiated marketing strategies in this intensely competitive marketing.

Keywords: Service performance, Hotel attributes, Experiential quality, Brand loyalty

INTRODUCTION

The concept of brand loyalty has gained considerable attention from academicians and practitioners in recent years. It was cited that several reasons for the growth of this notion specifically in the lodging industry. In particular, it has been found that hotel operators will reduce their marketing costs associated with attracting new customers. In the lodging industry, quality of accommodation and service quality are important to not only to attract the customers, but also to develop their loyalty. Hotel attributes such as room quality, hotel facilities, food quality and atmosphere are important services in the hotel and must complement the performance quality. The role of consumers' involvement and participation in the service process, and heightened competition among service providers further adds to the need to explore brand loyalty. Therefore, it would be essential for hotel operators to build their own differentiated marketing strategies in order to compete with hotel brands which have strong market presence. Furthermore, in an intense competitive environment, a good brand that reflects the identity of the firm is pertinent. In today's lodging industry, the focus on products and service consumption has been diverted to experiential element attached with the process. The concept has gained attention not only from academia but also businesses where there is a need in understanding successful brands mastering the art of customer experience management (Nagasawa, 2008). It has been argued that customers have readily agreed to pay premium price for the time spent and experience enjoyed with the brands (Keller, 2009). In building sustainable competitive advantages, businesses not only focus on product or service functions, but also concentrate on ways to delight customers' experience. As such, experience-based strategies therefore catch unprecedented attention. Despite its importance in the service sector, the concept of experiential quality in the brand loyalty is not explored much in the service marketing literature. Although studies such as Yeboah-Asiamah, Quaye, and Nimako (2014) and Mojarrad and Lakanie (2015) developed framework of brand loyalty, further insight is required to better understand the important aspect of experiential quality specifically in the service sector. Furthermore, there is limited research devoted to examining the role of experiential quality in influencing brand loyalty. This gap has long been noted in the services marketing literature that suggests that experience of the customers is now becoming a dominant feature in the marketing mix of the service firms. Most studies that focused on brand loyalty have examined variables such as sales promotion, satisfaction, trust, attitude and the like.

Hotel management have increasingly recognized that branding strategies constitutes an important tool to secure a competitive advantage against the competitors. Therefore, to extend current understanding of brand hotel management, this current study investigates the role of experiential quality, service performance, and hotel attributes in the formation of brand loyalty in hotel business in Malaysia. Although there have been several studies in hotel attributes and their service performance (Hosseini, Zainal, and Sumarjan, 2015; Rauch, Collins, Nale, and Barr, 2015), there is a paucity of research on hotels in the literature that specifically incorporates the concept of experiential quality in the brand loyalty relationships. To do this, this study answered the following research questions:

- (1) What is the role of experiential quality in the hotel attributes, service performance and brand loyalty relationships?
- (2) What is the relationship of experiential quality and brand loyalty?
- (3) What is the most important factor that affects brand loyalty?

By proposing and subsequently testing the relationships among the four constructs, this study is intended to achieve the following research objectives: (1) To examine the influence of hotel attributes and service performance on experiential quality, (2) To investigate the relationship

between experiential quality and brand loyalty, and (3) To identify the most important factor that affects brand loyalty. This study hopes to fill the gap by extending experiential quality in the brand loyalty framework, using service firm as the research context.

Lodging industry in Malaysia is one of the keenly income generators for the country and has been regarded as the one of the powerful economic sectors in the Malaysian economy. Despite its strong role to the nation economy, its retail value growth has seen a slight drop from 4% to 2% from 2014. It was reported that one of the biggest challenge faced by the lodging firm is to sustain growth with the influx of online private accommodation like Airbnb besides facing a challenging competition from other lodging firms. Malaysia Association of Hotel (MAH) has reported a weakened hotel occupancy from 66% in 2014 to 54% in 2015 (The Star, April, 2016).

LITERATURE REVIEW

Hotel attributes

Important hotel attributes to travelers have been extensively studied. For example, Weaver and Oh (1993) in their study that examined American business travelers found that convenience, good reputation, friendly staff, cleanliness and safety and security facilities were factors most preferred in their hotel selection. In another view, Dude and Renaghan (1999) identified factors such as location, brand name, physical property, interpersonal services, functional services and food and beverages were customers' hotel selection criteria. As such, with the challenging needs of savvy hotel guests, providing such selection and preferred criteria are important for the hotel business. Hotel attributes are not only functional or tangible in nature, but they also include personal interaction with the customers.

Service performance

In the service industry, quality is considered as a very important concept. As suggested by Cronin and Taylor (1992) quality is a major driver that enhances business performance of companies. The service performance perceptions are formed based on evaluations of three levels which include personal interaction with suppliers, physical environment and outcome of the service encounter. Similarly, Sureshchandar, Rajendran, C., and Anantharaman, R.N. (2002) emphasized quality as a critical factor for gaining competitive advantage for companies. In this regard, service performance is able to create direct experiences that allow customers to build brand loyalty (Hosseini, Zainal, and Sumarjan, 2015) in SQ7. The main characteristics of service products that differentiate them from physical products are intangibility (service products cannot be evaluated before purchase); heterogeneity (performance varies from producer to producer); inseparability of production and consumption (production and consumption take place at the same time); and perishability (the product cannot be store for later use) (Giritlioglu, Jones, and Avcikurt, 2013). In the service context, definition of service quality has been focusing on meeting customers' expectation and how well these services delivered are meeting their expectations (Parasuraman, Zeithaml, and Berry, 1988).

Experiential Quality

Experiential quality of a customer has been a critical concept in consumer behaviour research. Conceptualization of experiential quality includes visitor affective respond to psychological benefit they want from a visiting experience (Chan and Baum, 2007). Experiential quality is defined as not only the attributes provided by the supplier, but also the attributes that were

brought to the site by the visitor (Crompton and Love, 1995). The evaluation of experiential quality is focused on the reflection of the customer attitude and cognitive towards the technical and functional benefit of the external service environment that were given by the service provider (Brady, Cronin and Brand, 2002). However, the measurement of experiential quality is subjective and depend on the feeling perceived by a visitor during this experience (Chen and Chen, 2010). The evaluation of experiential quality tends to be holistic compare to the evaluation based on attributes, and the focus of the evaluation is in the internal factor rather than the service environment (external).

According to Otto and Ritchie (1996), the experiential quality is made of four factors (hedonic, the peace of mind, involvement and recognition). Chancellor and Cole (2008) argued that the experiential quality should consist of program, facility and entertainment. In another view, Jin, Lee, and Lee (2013) stated that the experiential quality is made of immersion, surprise, participation and fun. Lemke, Clark and Wilson (2011) showed that the measurement of experiential quality should base on the hedonism of product category, involvement, product complexity and connectivity. Bintarti and Kurniawan (2017) found experiential satisfaction is the most influential variable to the revisit intention. This shows that tourists who have high experiential satisfaction to the cultural heritage tourism site will have revisit intention to the site. Thus, this finding can be used to improve knowledge about service marketing by using the experiential quality on revisit intention of tourist. While a variety of definitions of experiential quality have been suggested, this research has used the definition suggested by Wu and Ai (2016). Experiential quality is the attitude and cognitive evaluation of customer experience provided by the service provider.

Brand Loyalty

Branding plays a significant role in service firms where it acts as a means of differentiation among competitive products (Motameni and Shahrokhi, 1998) as well as it delivers value to the customers (Chalal and Bala, 2012). Brand is associated with a company in a service sector and this calls to reexamine into the service brand concept (Wang, Hsu, and Fang, 2009). Over the years, brand loyalty has been considered as two dimensional namely attitudinal loyalty and brand loyalty. Brand loyalty is considered as one of the significant components of service brand equity. It is defined as the attachment of a consumer towards a brand even when an organization makes adjustments in the price or other product features (Aaker, 1991). Accordingly, it is a function of behavior where customers will repeat their purchases of the brand as well as attitude. Bloemer, De Ruyter, and Wetzels (1999) in further suggested that loyalty in services is a result of purchase intentions, word-of-mouth communication, price sensitivity and complaining behavior. In the lodging sector, brand loyalty is conceptualized as loyalty of customers toward the same hotel.

Consistent with the suggestions from existing literature, the following hypotheses are proposed:

- H1: Hotel attributes have a significant positive effect on experiential quality.
- H2: Service performance has a significant positive effect on experiential quality.
- H3: Brand loyalty is directly influenced by experiential quality.
- H4: Brand loyalty is directly influenced by hotel attributes.
- H5: Brand loyalty is directly influenced by service performance.

Figure 1 depicts the proposed hypothetical causal model for the current study.

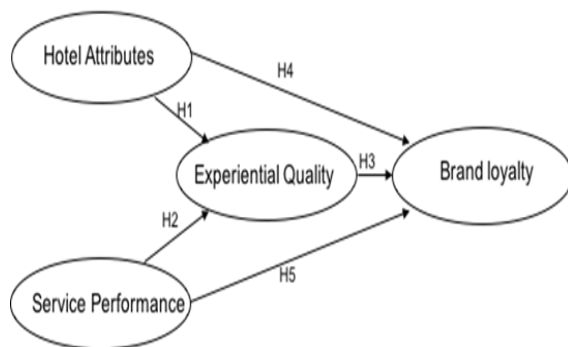


Figure 1: Conceptual framework

MATERIALS AND METHODS

The measures used in this empirical research consist of hotel attributes, service performance, experiential quality and brand loyalty. The literature reveals that hotel attributes include variables such as hotel facilities, staff attractiveness, food quality, room quality, and atmosphere. These variables are derived from studies by Mojarrad and Lakanie (2015) as well as Fernandes and Cruz (2016). From the perspective of service, service performance is measured with service quality and service provider by Parasuraman et al. (1988), Terblanche and Boshoff (2001) and Fernandez and Cruz (2016). The third variable which is experiential quality consists of items mainly taken from the work of Wu and Ai (2016). Guided by past studies on brand loyalty, the variable is measured using items from Moharrad and Lakanie (2015). All the variables are measured on a five-point Likert scale.

Hotel Impian in Morib has been chosen for the research because it is seen as a good example for creating experiential quality and it is one of the important service industry. Before distributing the questionnaire, a pilot test for refining the questionnaire was conducted. A few guests who had stayed in the hotel for a span of a week were asked to comment on the understandability and clarity of the question. Suggestions were taken from these guests to correct the structure of questionnaire.

The random selection of respondents could not be carried out due to the unavailability of the authentic sampling frame of the respondents. As such, for the data collection, convenience sampling was selected as the sampling approach. Data was collected between the month of November to January during the peak period of the season in the country. Respondents selected were considered appropriate for the study as they were the guests staying in the hotel and attended seminars there. Out of 400 questionnaires distributed, effective response came out to be 298.

The reliability and validity of all the four constructs are measured. It is found that the overall reliability value for each of the constructs came out to be ranging from 0.85 to 0.95 indicating good internal consistency (Cronbach & Shavelson, 2004). In addition, the construct validity of the scales was verified by using Kaiser-Meyer-Olkin (KMO). The KMO values for hotel attributes, service performance, experiential quality and brand loyalty came out to be 0.80, 0.79, 0.85 and 0.81 respectively, thereby indicating good construct validity. Exploratory factor analysis (EFA) was also conducted on the entire 298 data set by employing the procedure of principal component analysis with varimax rotation. EFA results assured the unidimensionality of the scale.

RESULTS AND DISCUSSIONS

Sample Characteristics

Approximately, 51% of the participants were female and 49% were male. Majority of them belongs to the age group of 18 to 34 years (65%) and the rest (35%) belongs to the age group of above 35 years. In terms of income, about 61% fell in the RM1,500-RM3,000 monthly income group, followed by 25% with income above RM3,000. Most of the respondents were educated with 33% having bachelor's degree, 5% having post-graduate, 36% having diploma and about 26% are still in high school. Majority of them belonged to the management group (24%), followed by service staff (22%), salesperson (14%), professionals (13%) and others (16%). 11% of them were dependent.

Table 1:
Demographic Profile

Demographics		%
Gender	Male	51
	Female	49
Age Group	18 to 34 yrs.	65
	35 yrs. above	35
Income	Below RM1500	14
	RM1500 to RM3000	61
	Above RM3000	25
Education	Highschool	26
	Diploma	36
	Bachelor Degree	33
	Postgraduate	5
Occupation	Management	24
	Service	22
	Salesperson	14
	Professional	13
	Others	16

Data Analysis

Five hypotheses were tested using Regression analysis. The predicted significant influence of hotel attributes (H1) on experiential quality was supported by the significant t-value at 8.11 ($p < 0.001$) and standardized estimates of 0.49. The predicted significant influence of service performance (H2) on experiential quality was also supported by the significant t-value at 3.98 ($p < 0.001$) and standardized coefficient of 0.24. Similarly, the hypothesized relationship between experiential quality (H3) and brand loyalty was also supported by the significant t-value at 9.79 ($p < 0.001$) and standardized coefficient of 0.5. The results of predicted hotel attributes (H4) on brand loyalty and service performance (H5) on brand loyalty were supported by the significant t-value at 3.1 ($P < 0.002$) and significant t-value at 3.3 ($p < 0.001$) respectively. The hypothesized relationship between hotel attributes on brand loyalty has standardized coefficient value of 0.18. Meanwhile, the predicted significant influence of service performance on brand loyalty has value of standardized coefficient at 0.18. The result is illustrated in Table 2

Table 1: Results of tested hypotheses

Hypotheses no. and hypothesized paths	Standardized estimates	p-value	Results
H1: Hotel attributes → Experiential quality	0.49	0.001	Supported
H2: Service performance → Experiential quality	0.24	0.001	Supported
H3: Experiential quality → Brand loyalty	0.50	0.001	Supported
H4: Hotel attributes → Brand Loyalty	0.18	0.002	Supported
H5: Service performance → Brand loyalty	0.18	0.001	Supported

Note: Lorem ipsum

CONCLUSIONS

Hotel attributes and service performance of the lodging industry have received much attention from many marketing researches. Accordingly, this study examined hotel attributes and service performance dimensions and investigate the relationships between these constructs with experiential quality. Additionally, this study also examined the influence of hotel attributes, service performance and experiential quality on brand loyalty. The empirical study has revealed a positive impact of hotel attributes as well as service performance on experiential quality. It is found that hotel attributes construct has a higher impact on experiential quality. This implies that the hotel attributes that appeal to the customer's feelings and emotions can positively influence experiential quality. This can be explained that hotel attributes are not considered to a lesser extent essential to the formation of experiential quality.

Service performance is also found to influence experiential quality. Since experiential quality may include service quality and perception of service provider which, could appeal to the emotions and feelings of the customers. This implies that an emphasis of the hotel performance quality essence as a place for customers to enjoy and feel delighted the experience might be achieved through an improvement of the quality of service and hotel attributes.

The same holds true for the effect of hotel attributes, service performance and experiential quality on brand loyalty. Overall, experiential quality has by far the highest impact on brand loyalty with the highest standardized regression coefficients relatively with hotel attributes and service performance. This shows that experiential quality that creates sensory stimulation play a central role in establishing brand loyalty. As highlighted by Schmitt (1999), customers' cognitive consistency, along with sensory variety provides an ideal approach to create state-of-the art sensory consumer experiences. Based on the results, it also seems that the hotel with their combination of facilities, comfortable and cozy furniture as well as the atmosphere and entertainment have a combination that fulfils the quality of the experience. As a result, brand loyalty can be achieved. The result also shows that the effect of hotel attributes on brand loyalty is the same with the service performance, which shows these two constructs are having equal important role in creating brand loyalty.

In summary, the empirical results show a higher impact of experiential quality on brand loyalty than hotel attributes and service performance. It is found that experiential quality is a powerful instrument to establish loyalty among customers and plays a role in mediating the relationship between hotel attributes, service performance, experiential quality and brand loyalty. It seems that hotel attributes and service performance can still be better achieved by traditional upgrading the facilities continually as well as upgrading the service performance to enrich the experiential quality of the customers and hence brand loyalty.

REFERENCES

- Aaker, D.A. (1991). *Managing Brand Equity Capitalizing on the Value of a Brand Name*, 1st ed. The Free Press, New York, NY, 15-21.
- Bintarti, S. & Kurniawan, E.N. (2017). A Study of Revisit Intention: Experiential Quality and Image of Muara Beting Tourism Site in Bekasi District. *European Research Studies Journal*. Volume XX(2A), 521 – 537.
- Bloemer, J., de Ruyter, K. & Wetzels, M. (1999). Linking Perceived Service Quality and Service Loyalty: A Multi-Dimensional Perspective. *European Journal of Marketing*. 33(11/12), 1082-1106.
- Brady, M. K., Cronin, J. J. & Brand, R. R. (2002). Performance-Only Measurement of Service Quality: A Replication and Extension. *Journal of Business Research*. 55, 17-31.
- Chahal, H. & Bala, M. (2012). Significant Components of Service Brand Equity in Healthcare Sector. *International Journal of Health Care Quality Assurance*. 25(4), 343-362.
- Chan, J.K.L. & Baum, T. (2007). Eco-tourists' Perception of Ecotourism Experience in Lower Kinabatangan, Sabah, Malaysia. *Journal of Sustainable Tourism*. 15, 574-590.
- Chancellor, C. & Cole, S. (2008). Using Geographic Information System to Visualize Travel Patterns and Market Research Data. *Journal of Travel & Tourism Marketing*. 25(3-4), 341-354.
- Chen, C.F. & Chen, F.S. (2010). Experience Quality, Perceived Value, Satisfaction and Behavioral Intentions for Heritage Tourists. *Tourism Management*. 31, 29-35.
- Crompton, J.L. & Love, L.L. (1995). The Predictive Validity of Alternative Approaches to Evaluating Quality of a Festival. *Journal of Travel Research*. 34, 11-24.
- Cronbach, L.J. & Shavelson, R.J. (2004). My Current Thoughts on Coefficient Alpha and Successor Procedures. *Educational and Psychological Measurement*. 64(3), 391-418.
- Cronin, J.J. & Taylor, S.A. (1992). Measuring Service Quality: A Re-Examination and Extension. *Journal of Marketing*. 56(3), 55-68.
- Dubé, L., & Renaghan, L. M. (1999). How Hotel Attributes Deliver the Promised Benefits: Guests' Perspectives on the Lodging Industry's Functional Best Practices (Part II). *Cornell Hotel and Restaurant Administration Quarterly*. 40(5), 89-95.
- Fernandes, T. & Cruz, M. (2016). Dimension and Outcomes of Experiential Quality in Tourism: The Case of Port Wine Cellars. *Journal of Retailing and Consumer Services*. 31 (2016) 371–379.
- Giritlioglu, I., Jones, E. & Avcikurt, C. (2014). Measuring Food and Beverage Service Quality in Spa Hotels. *International Journal of Contemporary Hospitality Management*. 26(2), 183-204.
- Hosseini, Y.S., Zainal, A. & Sumarjan, N. (2015). The Effects of Service Performance of Hotel Customers on Quality of Experience and Brand Loyalty in Iran. *Procedia Social and Behavioral Sciences*. 1-10.

- Jin, N.P., Lee, S. & Lee, H. (2015). The Effect of Experience Quality on Perceived Value, Satisfaction, Image and Behavioural Intention of Water Park Patrons: New versus repeat visitor. *International Journal of Tourism Research*. 17, 82-95.
- Keller, K.L. (2009). Building Strong Brands In A Modern Marketing Communications Environment. *Journal of Marketing Communication*. 15(2-3), 139-155.
- Lemke, F., Clark, M., & Wilson, H. (2011). Customer Experience Quality: An Exploration In Business And Consumer Contexts Using Repertory Grid Technique. *Journal of the Academy of Marketing Science*. 39(6), 846-869.
- Mojarrad, N. & Lakanie, P.A. (2015). Determining And Prioritizing The Key Indicators To Choose A Hotel From The Iranian Perspective. *Kuwait Chapter of Arabian Journal of Business and Management Review*. 5(3), 49-75.
- Monameni, R. & Shahrokhi, M. (1998). Brand Equity: A Global Perspective. *Journal of Product & Brand Management*. 7(4), 275-190.
- Nagasawa, S. (2008). Customer Experience Management-Influencing On Human Kansei To Management Of Technology. *The TQM Journal*. 20(4), 312-323.
- Otto, J. E., & Ritchie, J. R. B. (1996). The Service Experience In Tourism. *Tourism Management*. 17 (3), 165–174.
- Parasuraman, A., Zeithaml, A.V. & Berry, L.L. (1988). A Multiple-Item Scale For Measuring Customer Perceptions Of Service Quality. *Journal of Retailing*. 64(1), 12-40.
- Rauch, D.A., Collins, M.D., Nale, R.D. & Barr, P.B. (2015). Measuring Service Quality In Mid-Scale Hotels. *International Journal of Contemporary Hospitality Management*. 27(1), 87-106.
- Schmitt, B.H. (1999). Experiential Marketing. *Journal of Marketing Management*. 15(1), 53-57.
- Sureshchandar, G.S., Rajendran, C. & Anantharaman, R.N. (2002). The Relationship Between Management's Perception Of Total Quality Service And Customer Perceptions Of Service Quality. *Total Quality Management and Business Excellence*. 13(1), 69-88.
- Wang, C.H., Hsu, L.C. & Fang, S.R. (2009). Constructing A Relationship-Based Brand Equity Model. *Service Business*. 3(3), 275-292.
- Weaver, P.A., & Oh, H.C. (1993). Do American Business Travellers Have Different Hotel Service Requirements? *International Journal of Contemporary Hospitality Management*. 5(3).
- Wu, H.C. & Ai, C.H. (2016). Synthesizing The Effects Of Experiential Quality, Excitement, Equity, Experiential Satisfaction On Experiential Loyalty For The Golf Industry: The Case Of Hainan Island. *Journal of Hospitality and Tourism Management*. 29, 41-59.
- Yeboah-Asiamah, E., Quaye, D.M. & Nimako, S.G. (2014). The Effects Of Lucky Draw Sales Promotion In Mobile Telecommunication Industry. *African Journal of Economics and Management Studies*. 7(1), 109-123.