

NUR SYUHADABT SHAWALRUDIN

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DETERMINES OF CUSTOMER LOYALTY
IN HOTEL INDUSTRY AT PORT DICKSON

NUR SYUHADA BT SHAWALRUDIN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

APPROVAL

I/We, hereby declared that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor Degree of Technology Management
(Technology Innovation)

SIGNATURE : _____

NAME OF SUPERVISOR : _____

DATE : _____

SIGNATURE : _____

NAME OF PANEL : _____

DATE : _____

DETERMINES OF CUSTOMER LOYALTY IN HOTEL INDUSTRY

NUR SYUHADA BT SHAWALRUDIN

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DECLARATION

“I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with sources clearly.”

Signature :

Name : NUR SYUHADA BT SHAWALRUDIN

Date :

DEDICATION

I would like to dedicate the appreciation to my family members who supported me from spiritually and financially, beloved supervisor and panel who guided me throughout the research, housemates and course mates that assisted me through the journey of research.

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ABSTRACT

Customers are becoming progressively significant in the exists of most organizations as competition growths. Therefore, many businesses begin to determine factor of customer loyalty. Customer loyalty defined as the obligation to repurchase the same brand product or services constantly in the upcoming without affected by situation that could cause switching performance. Several readings lead over the years established that there is a direct connection between corporate reputation and customer loyalty and least conducted based on hotel industry. In addition, generous researches have been leading on customer loyalty yet concepts and definitions of customer loyalty vary from one another. This study examined on the connection of customer perceived value, online purchase, care and corporate images towards customer's loyalty in hotel industry. Hotel industry is important to surge economy growth, and also important for nation development. Due that they have a lot of people study about the development of hotel industry including the customer loyalty. Hotel visitor loyalty is of the greatest significance given the competitive nature of the accommodation sector. The increasing expansion of hotels into other hospitality and related areas increases the continuing importance of visitor loyalty and the need to ensure visitors' recurring reservations at a perceived favorite hotel. Quantitative methods are utilized by distributing survey questionnaire to 150 respondents to examine customer loyalty. The researcher found that there are three variable that have relationship with the customer loyalty in hotel industry which is customer perceived value, care and corporate reputation. The value of significant which is 0.000 and that was less than 0.05 ($p < 0.005$) while the variable that insignificant which is online purchase with value 0.687 that was more than 0.05. In conclusion online purchase does not give impact towards the customer loyalty, while customer perceived value, care and also corporate reputation have given impact towards customer loyalty in hotel industry.

Keyword: Customer Loyalty, Customer Perceived Value, Online Purchase, Corporate Reputation, Hotel Industry, Port Dickson

ABSTRAK

Pelanggan menjadi semakin penting dalam kehidupan kebanyakan organisasi apabila peningkatan persaingan. Oleh itu, banyak syarikat mula menentukan faktor kesetiaan pelanggan. Kesetiaan pelanggan didefinisikan sebagai komitmen untuk membeli balik produk atau perkhidmatan jenama yang sama secara konsisten pada masa akan datang tanpa terjejas oleh situasi yang boleh menyebabkan tingkah laku bertukar. Beberapa kajian yang dijalankan sepanjang tahun terbukti bahawa terdapat hubungan langsung antara reputasi korporat dan kesetiaan pelanggan dan paling kurang dilakukan berdasarkan industri hotel. Di samping itu, penyelidikan yang besar telah dilakukan terhadap kesetiaan pelanggan namun konsep dan definisi kesetiaan pelanggan berbeza antara satu sama lain. Kajian ini menyiasat mengenai hubungan pelanggan yang dilihat nilai, pembelian dalam talian, penjagaan dan imej korporat ke arah kesetiaan pelanggan dalam industri hotel. Industri hotel adalah penting untuk melonjakkan pertumbuhan ekonomi, dan juga penting untuk pembangunan negara. Kerana mereka mempunyai banyak orang yang belajar tentang pembangunan industri hotel termasuk kesetiaan pelanggan. Kesetiaan pelawat hotel adalah kepentingan terbesar yang diberi sifat kompetitif sektor penginapan. Perkembangan hotel yang semakin meningkat ke dalam hospitaliti dan kawasan yang berkaitan juga meningkatkan kepentingan kesetiaan pelawat dan keperluan untuk memastikan tempahan berulang pengunjung di hotel kegemaran. Kaedah kuantitatif digunakan dengan mengedarkan soal selidik kaji selidik kepada 150 responden untuk memeriksa kesetiaan pelanggan. Penyelidik mendapati bahawa terdapat tiga pemboleh ubah yang mempunyai hubungan dengan kesetiaan pelanggan dalam industri hotel yang merupakan nilai, perhatian dan reputasi pelanggan. Nilai signifikan yang 0.000 dan yang kurang daripada 0.05 ($p < 0.005$) manakala pemboleh ubah yang tidak penting yang membeli dalam talian dengan nilai 0.687 yang melebihi 0.05. Kesimpulannya, pembelian dalam talian tidak memberikan impak ke arah kesetiaan pelanggan, manakala nilai, perhatian dan reputasi pelanggan yang dilihat, memberi kesan kepada kesetiaan pelanggan dalam industri hotel.

Kata Kunci: Kesetiaan Pelanggan, Nilai Pelanggan yang Dipertimbangkan, Penjagaan, Pembelian Dalam Talian, Reputasi Korporat, Industri Hotel, Port Dickson

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LIST OF ABBREVIATIONS AND SYMBOLS

FYP	Final Year Project
PSM	Projek Saujana Muda
GDP	Gross Domestic Products
RM	Ringgit Malaysia
CPV	Customer Perceived Value
OP	Online Purchase
C	Care
CR	Corporate Reputation
CL	Customer Loyalty
AVRCPV	Average of Customer Perceived Value
AVROP	Average of Online Purchase
AVRC	Average of Care
AVRCR	Average of Customer Reputation
AVRCL	Average of Customer Loyalty
H_0	Null (rejected)
H_1	H one (accepted)
SPSS	Statistical Package for Social Science
%	Per cent
<	Greater-than
>	Less-than
=	Equals

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CHAPTER 1

INTRODUCTION

1.1 Introduction

These section present circumstantial roughly the contextual of studied tourism which is in the hotel industry. It is designated the factor that pursues customer loyalty in the hotel industry that can sustain them in long-term. In addition in this chapter also consist of National Policy of Tourism Industry in Malaysia. Besides that, this study also explains about the tourism industry in Malaysia. Next in this chapter also explains the problem that had faced by the hotel industry. In this section also consist the research question and research objectives to reach the finding of determining customer loyalty in the hotel industry. At the finale of this chapter will clarify the scope of the learning and last but not least is an explanation of the significance of the study.

1.2 Background of Study

Travel & Tourism is a main monetary activity in most countries around the world. Travel & Tourism have given impacts towards GDP which is MYR58.0bn, 4.7% of total GDP in 2016 and have been increased to 4.2% in 2017, and rise by 5.2%pa from 2017-2017 to MYR100.4bn, 5.4% of total GDP in 2017. Profitable of nation are produced by a few profitable activities which is hotels, travel agents, airlines and other passengers transportation services.

The travel and tourism sector has the ability to deliver the variety of positive economic influence and the most significant which is to increase domestic income and foreign currency incomes, economic multiplier influence, growths employment and also improved infrastructure. It is repeatedly the positive economic impacts that persuade governments, companies, and individuals to get involves in the development of tourism destination (Kumar, Hussain and Kannan, 2015)

In order to maintain the rises of GDP that impact by the travel & tourism, customer loyalty is the most aspects that organization needs to be considered. To improve the services of an organization they need to continue to deliver the good services to develop the customer loyalty. In this study will find out the factor that can contribute in imperative to improvement customer loyalty in the hotel industry that resolve give impacts to the transportable and tourism in Malaysia.

Customer loyalty is an important component of a brand's long-term feasibility (Krishnamurthi & Raj, 1991). Rendering to Oliver (1999) describes it as "a extremely detained promise to re-buy or re-patronize a favored invention or facility consistency in the upcoming, thereby producing repetitive same-brand or same brand-set purchasing, although situational effects and marketing determinations consuming the option to source converting behavior.

1.2.1 National Policy of Tourism Industry in Malaysia

The Ministry’s Policy declaration to drive modest and supportable tourism and culture segments to the socio-economic expansion of the nation. Based on the policy by the Ministry of Tourism and Culture Malaysia, there are five main objectives towards tourism in Malaysia firstly to asset the talents, philosophy, and legacy towards improving national unison founded on the National Cultural Policy. The next objectives which are to improve the interaction and teamwork among the tourism and culture industry players to making Malaysia the chosen tourist and cultural destinations while the third which is to strengthen the tourism and culture sectors to letting the nation's economy. In the same time to endorse Malaysia's uniqueness in arts, culture, and heritage. Beside that to be the main catalyst for the growth in tourism and culture sectors. Last but not least the objective which is to improve experienced skilled, creative and innovative human capital in tourism and culture sectors. Based on figure 1.1 are the best practices for strengthening the enabling policy environment to address change of behavior and patterns in industry, of consumers, and in key economic sectors.

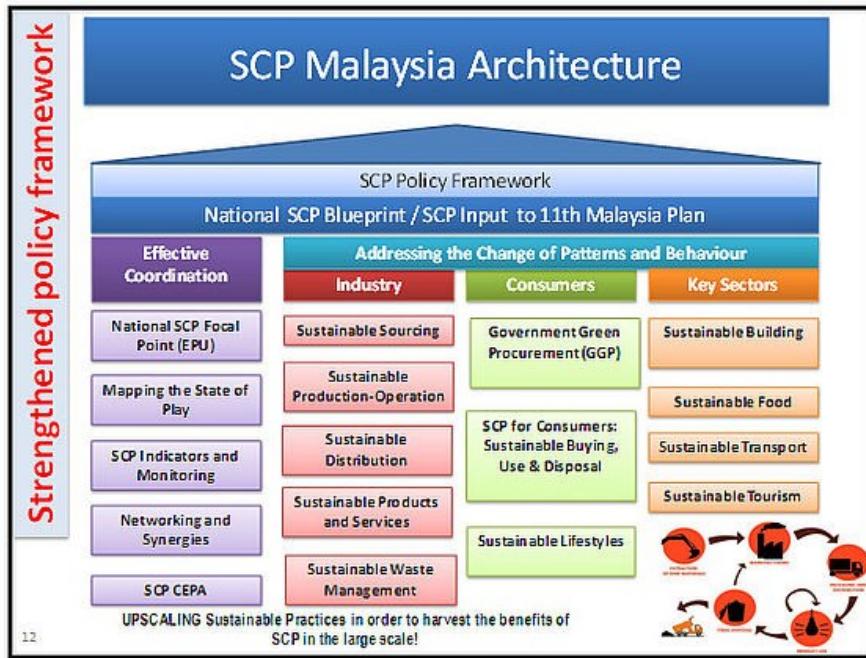


Figure 1.1: National Policy of Tourism Industry in Malaysia

1.2.2 Tourism Industry in Malaysia

Malaysia grabbed another local spot, position 26th universally. While it released one position in the ranks, Malaysia successfully enhanced its presentation in complete relationships, growing from 4.41 in 2015 to 4.50 in the present version of the report. The nation remains to be a good-looking terminus thanks to its price effectiveness, its strong air connectivity, and its attractive natural possessions.

To advance improve its effectiveness, the administration can additionally arrange the travel and tourism industry (55th) and spend in the growth of its educational resources and business travel, while talking environmental sustainability (123rd) and conserving its attractive natural environment.

Rendering to a website (Tourism Malaysia, 2017) which is in figure 1.2, it is described the Tourist Arrivals and Receipts to Malaysia by a year. In 2006, the arrival arises to Malaysia just 17.56 million and just receive 36.3 Billion. In between 2006 and 2016 which is in 2011, the arrival arises to Malaysia increase by 24.71 million and receives 58.3 Billion. Then in 2016, the total of the arrival increase from 25.72 million to 26.76 million which receive 82.1 Billion.

YEAR	ARRIVALS	RECEIPTS (RM)
2016	26.76 million	82.1 Billion
2015	25.72 million	69.1 Billion
2014	27.44 million	72.0 Billion
2013	25.72 million	65.4 Billion
2012	25.03 million	60.6 Billion
2011	24.71 million	58.3 Billion
2010	24.58 million	56.5 Billion
2009	23.65 million	53.4 Billion
2008	22.05 million	49.6 Billion
2007	20.97 million	53.4 Billion
2006	17.55 million	36.3 Billion

Figure 1.2: Tourist Arrivals and Receipts (RM)

1.3 Problem Statement

The hotel industry is important to surge economy growth, and also important for national development. Due that they have a lot of people study the development of hotel industry including the customer loyalty. Hotel visitor loyalty is of the greatest significance given the reasonable nature of the accommodation sector. The growing development of hotels into other hospitality and connected zones increases the ongoing position of visitor loyalty and the necessity to ensure visitors' repeated issues at a perceived preferred hotel (Jani and Han, 2014).

Hotel industry shows a very significant character in supplementing tourism as it delivers place to travelers and tourists. However, the hotel industry has been the main actor in the development of the Malaysian economy, which donates almost 50 percent of the country's real GDP (Awang, Ishak, Radzi, & Taha, 2008). In current years, administrations since all over the world have been placing extra and extra emphasizing in emerging services industry in their nations. They are all currently conscious of the exclusive representative of facilities and its rank in associate a country's monetary growth. Commercial services displayed the toughest growth in expressions of significance added and monetary productivity (Wirtz & Ehret, 2009).

They have several authors who are studying about customer loyalty, for example, the corporate image and reputation as motorists of customer loyalty (De Leaniz and Del Bosque Rodríguez, 2016) they found that corporate image and reputation to attain supportable competitive advantages. However, study in this range has given slight explicit consideration to unique between the effects of the corporate image towards customer loyalty. (De Leaniz and Del Bosque Rodríguez, 2016) .

In the writers sight the current assessments and organization of corporate image and reputation must be a fundamental part of corporate strategies not only in the hotel area but also in additional industries. According to (Saleem and Sarfraz Raja, 2014) they found there is the impact of service quality on consumer satisfaction customer loyalty. The

facility quality and customer satisfaction are straight connected to extraordinary quality improve the satisfaction at the equal period. The revolution in service quality or by educating the excellence of facility the hotels become additional able to fulfill the customers. This can be related to (Jiang, Jun, and Yang, 2016) which is they found the key measurements of service quality care, online purchase and also customer perceive value.

However, they have limited empirical evidence to study about customer loyalty and corporate image, even though some study examines the relationships between customer loyalty and corporate image but the study only limited at develop country. Therefore, it's an urgent call to study the relationship between customer loyalty and corporate image in the perspective of developing country, particularly in Malaysia. In the same time, the several problems that encourage doing this research are, there were not many research was conducted in this industry regarding to the internal of care, online purchase and also customer perceived value in hotel industry.

In addition, this study also to support the government policy, based on National Policy of Tourism Industry in Malaysia, which is to improve the collaboration and support between the tourism and culture industry that can also improve hotel sustainability.

1.4 Research Objectives

To complete the research there are several factors that need to explore that determine customer loyalty in the hotel industry. Below is the factor that drives towards customer loyalty in this research :

- i) To profile the implementation level of care, online purchase, customer perceived value and corporate reputation in the hotel industry.
- ii) To determine the critical factors that affect the customer loyalty in the hotel industry.
- iii) To determine the most influential factors of customer loyalty in the hotel industry.

1.5 Research Questions

In order to achieve the objective, this study of the factor that determines customer loyalty in the hotel industry will try to answer the following research question :

- i) What are the implementation level of care, online purchase, customer-perceived value and corporate reputation in the hotel industry?
- ii) What the critical factors that affect the customer loyalty in the hotel industry?
- iii) What are the most influential factors of customer loyalty in the hotel industry?

1.6 Scope of Study

In this study, it will be piloted at Negeri Sembilan Hotel which is focus on Hotel in Port Dickson area as my research respondent. This study will evaluate the responses of the Hotel in Port Dickson because Port Dickson continues to be the main tourist destination of the country when it has recorded increases in tourist arrivals by 4.2 million last year compared to 2015.

The destination image can give impact towards marketing. In the same time, it also can be the main role in decision making and ensuring tourist behavior, this factor has been explored broadly in the literature in the context of tourism (Pike, 2002). The population for this study was targeted on those customers who have stayed at least twice in the same hotel around Port Dickson, Negeri Sembilan. The questionnaire distributes to the target respondent in an area of the hotel in Port Dickson. The theories and factors that used for this research are by journals or articles that related to the study which established in Google Scholar and Emerald Insight at University Technical Malaysian Melaka Library.