CUSTOMER ATTITUDE TOWARDS LOYALTY CARD OF BUDGET HOTEL IN BANDUNG

Revi Adelia Hefimaputri and Mia T. D. Indriani
School of Business and Management
Institut Teknologi Bandung, Indonesia
revi.adelia@sbm-itb.ac.id

Abstract. The increasing number of hotels in Bandung would lead to the tight competition. To survive the competition, one of the strategies is retaining the customer through loyalty card. However, it is very common to find budget hotel loyalty card which is similar to Luxury hotel. From previous research findings, it is found that offering a single loyalty card to customers that patronize different hotel segments could result in the failure. Therefore, budget hotel need to know what kind of loyalty card is customer really like and prefer that could be measured by calculating customer attitude towards loyalty card of budget hotel. By using Fishbein Multi-attribute Attitude Mode, this research aims to measure and quantify customers' attitude. Variables of the research are resulted based on combining the result of previous research about hotel loyalty card and customer loyalty. The result of Fishbein Multi-attribute Attitude measurement is + 529.07 or can be translated to positive attitude. Moreover, Above all features, Discount Room Rates has the highest evaluation score which is considered as the most desirable and important to the customer. As recommendation to hotel business, since budget hotel customer are very conscious about price, for further business development, the management should emphasize price and value consideration of its loyalty card features, its benefits, and pricing to make the features attractive.

Keywords: budget hotel, loyalty card, customer attitude, Fishbein Multi-attribute.

Introduction

The increasing hotel sector revenue growth is due to the increasing volume of both domestic and international travellers and growing popularity of Indonesia tourism, which have increased strongly for two consecutive years (Euromonitor, 2014). It also stimulated by government efforts through Visit Indonesia Campaign and other Indonesian tourism and travel supports which also boosting the growth of hotel in Indonesia. According to this growth, for around 80 percent of the rooms are from budget-class hotels. The increasing number among hotels business would lead to the tight competition. To survive the competition, one of the most popular strategies in hotel sectors to manage customer loyalty is developing the loyalty program. However, a lot of budget hotels try to manage the customer loyalty by copying Luxury hotels experience (Fei Teng, 2010:8). It is very common to find loyalty program implemented in budget hotel is similar to luxury hotel loyalty program. But based on previous research by Sarah Tanford et. al, 2012, offering a single loyalty program to customers that patronize different hotel segments could result in the failure. Therefore, it is very important for budget hotel to develop the right loyalty program by giving the suitable features to avoid failure. According to that, the researcher is interested in the topic of "Customer Attitude towards Loyalty Card of Budget Hotel in Bandung".

Literature Review

Budget Hotel Definition in This Research
In this paper, by summarizing the definition from several resources, the budget hotel is defined as the economical hotel (the room price is significantly lower than that of the luxury hotel) located in a convenient transportation position, with an established management and operation system, a clean and safe internal environment; targeting the Small and Medium size company's business men and Leisure travelers as the main customer groups. The budget hotels have some characteristics of the

Two and Three-star rating hotel in Indonesia according to Perhimpunan Hotel dan Restoran Indonesia (PHRI) classification, such as The budget hotels have some characteristics of the Two and Three-star rating hotel in Indonesia

Conceptual Model of Loyalty Program Effectiveness in Hospitality
McCall, M., and Voorhees, Clay (2010) developed the conceptual model of loyalty program to drive the loyalty program effectiveness. The following figures is the model determines by three main drivers such as the structure of the loyalty program, the structure of the rewards, and customer fit with the loyalty program.
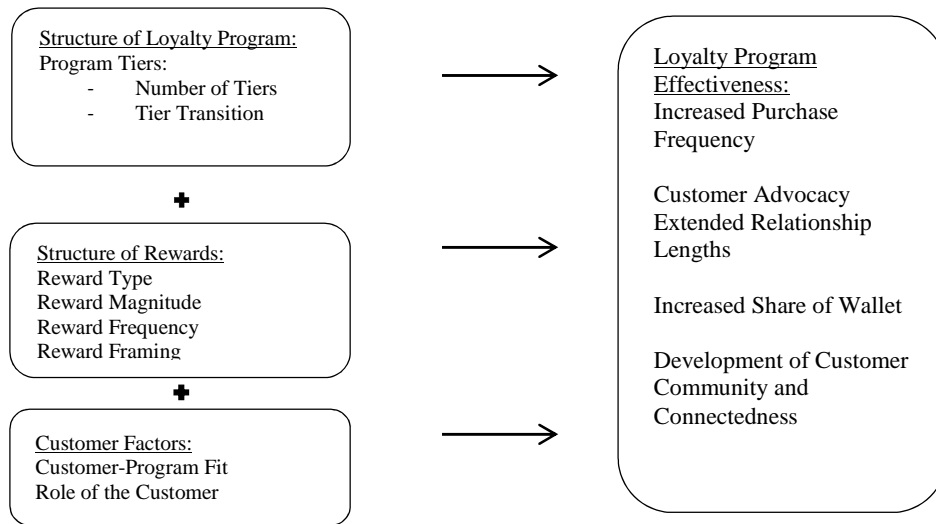

Figure 1. Conceptual Model of Loyalty Program Effectiveness

Number of Tier
According on Tanforda, Sarah, et. all (2011), full-service hotel guests are more likely than not to belong to their preferred brand's program, and equally likely be low, or higher tier members, but the typical limited-service hotel guest is not a member, or belongs to a lower reward tier. According to this, budget hotel as a limited-service hotel guest is preferably used structure of loyalty program that provides lower tier which is one tiers system.

Structure of Rewards
The research of Tanforda, Sarah, et. al (2011) argues that budget hotel as a limited-service hotel customers showed greater price sensitivity, and were willing to switch to a non-preferred brand at a lower price point than full-service guests. Therefore, budget hotel loyalty program magnitude is more suitable in low effort. It is because the price-based rewards require low effort with low-magnitude and guaranteed. The suitable reward type of budget hotel is both direct reward. For direct reward, member could get any benefit on immediate time such as discount of food & beverage, welcoming drinks, or price cut.

Customer Factors
In addition, Tanforda, Sarah, et. al (2011) also stated that limited-service guests have brand commitment based primarily on reward program benefits (value) whereas full-service guests are committed both emotionally and based on reward benefits. Moreover, purchasing decision of limited-service hotel guests is driven mainly by price factor which is related to value commitment. Price factor contains of price, value of money, and availability for discounts. In summary, limited-service guests are driven primarily by value considerations, in the form of reward program benefits and pricing as the utility association, and direct reward.

Budget Hotel Loyalty Card
Some of budget hotels that are joined in a luxury hotel group use the same loyalty card as its group but with limited rewards. For example is Santika Indonesia Important Person as the name of its loyalty card program. This loyalty card is launched by Santika Indonesia Hotel & Resort Group. Santika Indonesia Hotel & Resort Group has two hotel brands which are Amaris Hotel as the limited-service hotel and Santika Hotel as full-service hotel. Member of its loyalty card can use this card in both hotels. However, in Amaris hotel, it only applied one type of reward which is 10% discount of walk-in price to stay at Amaris Hotel.

In defining the budget hotel loyalty card features, the researcher use literature review from previous study about loyalty card attribute and conceptual model. Based on McCall, M., and Voorhees, Clay (2010), and Tanforda, Sarah, et, al. (2011) and combining the findings, here are the loyalty program of budget hotel in Bandung that are going to be tested in this research.
- A. Type of loyalty program: Type 3
  This type of loyalty program use point-based reward for members according to their past purchases.
- B. Number of tier: One tier, one level of rewards
- C. Reward Type: Direct reward and accumulative points redemption
- D. Loyalty Card Features:
  a. Redeem Point to get special amenities and services, such as:
  - Free one night staying
  - Food and beverage discount of hotels' restaurant/lounge/café
  - Free breakfast
  - Discount on hotel merchandise (example: umbrella, T-shirts), or other product as gift (example: Powerbank, MP3)
  b. Early Check-in/Late Check-out
  c. Discount Room Rates
  d. Room Guarantee

Attitude
Based on research by Sumarwan (2004), attitude is defined as an expression of the way people feels about the object whether customers like it or not. Attitudes are statements or evaluative judgments in response to an object, person or an event. Meanwhile according to Schiffman and Kanuk (2008) attitude is a learned tendency to behave in a way that pleasant or unpleasant to a particular object. In general, an attitude is a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object.

Fishbein Model of Multi-attribute Attitude
The first instrument used in this research is Fishbein Multi-attribute Attitude model to measure the customer's attitude regarding the loyalty card features of budget hotel in Bandung. Attitude measurement in this research is focus on attitude towards the budget loyalty card features. Fishbein Multi-attribute Attitude Model focuses on attitude toward the object which is very suitable for measuring attitudes toward the class of products (or services) or a particular brand. In this model, Fishbein (1967) stated that a person's attitude toward an object is a function of belief that the object is associated with certain attributes and evaluative responses that connected to that belief.

Mathematical formulation of the model of attitude toward the object, by Fishbein can be formulated as follows:

$$Ao = \sum B_i E_i$$

     Ao   = Attitude toward an object
     B_i = Customer beliefs

      i   = Object attributes 1,2,...m
      E*i*   = Evaluation or feelings of importance of those attributes

Responses towards this instrument are in seven bipolar semantic-differential scales. The most common version of measuring attitude is simply by asking respondents to indicate their belief towards loyalty card features. The respondents will be asked to rate their attitude towards budget hotel loyalty card features using a scale from –3 (extremely disagree) to +3 (extremely agree). To get evaluation score (Ei), respondents are asked to divided 100 points into four features according to their perception of the importance and desirability of each features.

Methods

This research is using descriptive research which conducted by quantitative research and uses questionnaire as the appropriate tools to collect the data and analyze large number of sample in statistics. Since this research has several research questions, the method used for this research is several instruments in a form of questionnaire. Those instruments include respondent demographic profile, respondent travel behavior, Fishbein Model of Multi-attribute to measure customer attitude, customer intention to evaluate each of the features, respondent interest of point rewards benefits, accumulation point preferred, and customer loyalty to identify the suitable loyalty card for budget hotel.

Sample of the research was Bandung budget hotel's customer who was part of the research population and selected as the sample by judgment sample and the questionnaire which were distributed through online and offline. All respondents who filled the questionnaire were people who had ever stayed at least once in Bandung budget hotel during previous 12 months and live outside Bandung so they can be expected to deliver the knowledge and experience about Bandung budget hotel. In this research, the total of 173 respondents was selected as sample. The analysis of respondent in this section will be divided into several characteristics such as *Sex, Age, Occupation,* and *Domicile.*

Below is the table that includes all of the items tested in this research:

Table 1. Questionnaire Guidelines

Research Questions	What to measure	Item
	Customer Attitude	**Loyalty Card Features**
	Evaluation Score of Loyalty Card Feature	Point Reward
		Early Check-in/Late Check-out
1. How is the customer attitude toward loyalty card of budget hotel in Bandung?		Discount Room Rate
		Room Guarantee
	Belief Score of Loyalty Card Feature	**Loyalty Card Features**
		Point Reward
		Early Check-in/Late Check-out
		Discount Room Rate
		Room Guarantee
2. What loyalty card features is considered	**Loyalty Features Evaluation**	**Loyalty Card Features**
	Evaluation Score	Point Reward

important by customers of budget hotel in Bandung?		Early Check-in/Late Check-out
		Discount Room Rate
		Room Guarantee
3. What kind of loyalty program that suitable the most for loyalty card on budget hotel in Bandung?	Customer Interest of Reward Point Benefit and Point Accummulation	**Point Reward Benefit**
		Free One Night Staying
		Discount Food and Beverage
		Free Breakfast
		Discount Merchandise

Result & Discussion

Respondents Profile

Table 2 below summarizes total of 173 responses, which consist of 84 men (51.4%) and 89 women (48.6%) and most of them came from Jabodetabek (82.7%). For 35.8% of total respondent are 18-24 and 34.2% other are 31-50 years old. Currently, 44.5% of the respondent is an employee.

Table 2. Respondent Profile

Demography		N	%	Travel Behavior		N	%
Age	18-24	62	35.8	Purpose of travel	Leisure	55	31.8
	25-30	16	9.2		Business	118	68.2
	31-50	60	34.2	Frequency Visiting Bandung	One Time	23	13.3
	50<	35	20.8		Twice to four times	87	50.3
Gender	Men	84	51.4		More than four times	63	36.4
	Women	89	48.6	Frequency Staying Bandung Budget Hotel	One Time	65	37.6
Domicile	Jabodetabek	143	82.7		Twice to four times	88	50.9
	Others	30	17.3		More than four times	20	11.6
Occupation	Housewives	10	5.8				
	Employee	77	44.5				
	Civil Servants	16	9.2				
	Student	32	18.5				
	Entrepreneur	30	17.3				
	Others	8	4.6				

Respondents are having travel behavior of 68.2% of the total are on business purpose. Most of the respondent is frequently visiting Bandung for 2-4 times within the past year which are 87 respondents. Moreover, 50.9% of all respondents is staying at Bandung budget hotel for 2-4 times within the past year.

Customer Attitude

By asking questions which are mainly ask about 4 features of budget hotel to get the score of *Evaluation and Belief,* below is the result of attitude measurement using Fishbein Multi-attribute Model.

Table 3. Customer Attitude

No.	Loyalty Card Features (Attributes)	Belief Score (Bi)	Evaluation Score (Ei)	Belief x Evaluation (BEi)
1	Redeem/ Reward Point	5.01	19.05	95.37
2	Early Check-in/ Late Check-out	5.17	22.14	114.40
3	Discount Room Rates	5.65	36.47	206.19
4	Room Guarantee	5.06	22.34	113.10
Attitude towards Loyalty Card of Bandung Budget Hotel (Ao)				529.07

Based on customer attitude in table 3 above, it shows that the attitude of each attribute is calculated by multiplying Bi column of belief score and Ei column of evaluation score. For total attitude score is calculated by adding all attitude of each attributes. Based on the data above, total attitude towards Bandung budget hotel loyalty card features is 529.07. In addition, customer attitude towards Bandung budget hotel loyalty cards features can be classified as slightly positive or known as positive.

Loyalty Card Feature Evaluation
Based on the importance and desirability of each features, the result is as follow:

Table 4. Evaluation Score

| No.	Attribute	Score of Evaluation
e1	Redeem Point	19.05
e2	Early Check-in/Late Check-out	22.14
e3	Discount Room Rates	36.47
e4	Room Guarantee	22.34

Table 4 above shows the result of how customer perception about important and desirable features. The score of evaluation were given by respondent according to their overall importance and desirability of each feature. According to the data above, respondent evaluate attribute of loyalty card features in different importance. The most important attribute is Discount Room Rates for 36.46, followed by Room Guarantee for 22.34, and then Early Check-in/Late Check-out for 22.14 and Redeem Point for 19.05 as the least important. This result supports the previous research by Tanford, Sarah, et. al (2011) which argued that purchasing decision of limited-service hotel guests is driven mainly by price factor which is related to value commitment. In this case, budget hotel which is considered as limited-service guests are driven mainly by price factor. Price factor itself contains

of price, value of money, and availability for discounts. Availability for discount represented in attribute of Discount Room Rates in budget hotel loyalty card attribute mentioned above.

Suitable Loyalty Cards for Budget Hotel
To support the result of what kind of loyalty cards is suitable for budget hotels, researcher has asked respondents about preferred benefit offered by Redeem Point features and asked about how many points each of the benefit is worth redeeming. Here are the results of preferred benefit:

Table 5. Preferred Benefit
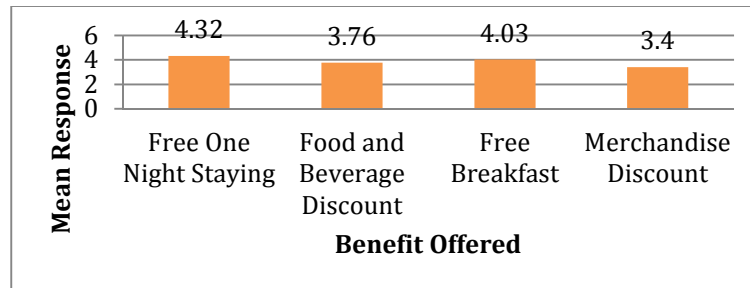
Based on result shown above, customer is mostly like Free One Night Staying better than other benefits offered which get score of 4.32. Then the second higher benefit is Free Breakfast which is scored for 4.03, followed with Food and Beverage Discount for 4.76, and the least attractive to them is Merchandise Discount for score of 3.40. It can be concluded that among all features in Redeem Point, customer has valued Free One Night Staying as the most valuable and attractive. In addition, data on Table 6 below is the results of final accumulation point preferred by respondent. The highest point is on Free One Night Staying for 9.59 point which also describes that this benefit is valuable and worth the effort. Then the second highest point is Merchandise Discount for 6.71, and the last are Food and Beverage Discount and Free Breakfast in the same amount of point which is 4.12.

Table 6 . Preferred Point Accumulation

Benefit Offered	Preferred Point Accumulation
Free One Night Staying	9.59
Food and Beverage Discount	4.12
Free Breakfast	4.12
Merchandise Discount	6.71

Those are the amount of accumulation point perceived to be worth by the customer in each of the benefits offered. If budget hotel loyalty card offered Redeem Point features with above benefits, then the benefit which has the highest point and perceived to worth that amount is Free One Night Staying then followed by Merchandise Discount, and lastly are Food and Beverage Discount and Free Breakfast.

Conclusion

By implementing Fishbein multi-attribute attitude model in measuring customer attitude of this research, it can be concluded that the customer attitude towards loyalty card of budget hotel in Bandung is 529.07 which illustrates slightly positive attitude. Loyalty card in this research is including four features such as Redeem Point to get special amenities/benefits, Early Check-in/Late

Check-out, Discount Room Rates, and Room Guarantee. Customers show positive attitude towards those features above. Furthermore, based on evaluation score about loyalty card features, it can be concluded that Discount Room Rates is associated to be the most important and desirable compared to other features. It shows that this feature is very potential to be the main feature of loyalty card that budget hotel should offer. Moreover, based on measuring customer attitude towards loyalty card of budget hotel in Bandung, it can be concluded that the suitable loyalty card of budget hotel in Bandung such as follow:

A. Type of loyalty program: Type 3
This type of loyalty program use point-based reward for members according to their past purchases.
B. Number of tier: One tier, one level of rewards
C. Reward Type: Direct reward and accumulative points redemption
D. Loyalty Card Features (ranked based on the most important perceived by customer) :
   a. Discount Room Rates
   b. Early Check-in/Late Check-out
   c. Room Guarantee
   d. Redeem Point to get special amenities and services, such as (ranked based on higher point of customer interest) :
   - Free one night staying by redeeming 9 point
   - Free breakfast by redeeming 4 points
   - Food and beverage discount of hotels' restaurant/lounge/café by redeeming 4 points
   - Discount Merchandise by redeeming 6 points

Recommendations

As the last phase on this study, there are several future research recommendations to enrich the scientifically findings in this study. Recommendations are as follows:
1. To attract customer value commitment, as they are very conscious about price, for further business development of budget hotel, the management should emphasize price and value consideration of its loyalty card features, its benefits, and pricing.
2. Since this research is focused on budget hotel which has already offered cheap room rates, Discount Room Rates should be adjusted to room upgrades or other similar features which possess more value to the customer besides cutting the budget of hotel revenue. The features of Early Check-in/Late Check-out can emphasize the value of the time and how customer can save time by having this benefit. Moreover, Room Guarantee features can also be emphasized on the probability of fully booked-room in peak day or season. So these features can be more valuable.

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