



Examining the Effect of Customer Satisfaction towards Repurchase Intention: A Study of Hotel Sector in Selangor, Malaysia

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Abstract

This paper is attempting to verify the effect of customer satisfaction on repurchase intention in hotel industry in Shah Alam, Selangor. As a conceptual paper, the research is considered as a quantitative study. Respondents from 400 consumers are used and will be recruited on a voluntary basis. Considering the nature of the study, the complexity of the research model and the relatively small sample size, analysis of moment structure (AMOS) is selected as the statistical tool to analyse the data. The finding of the study expects to contribute to the marketers as well as practitioners with the valuable insight on the crucial of customer satisfaction and repurchase intention in the hotel sector.

Keywords: Customer satisfaction; repurchase intention; hotel sector

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1. Introduction

There is no one single and simple definition to explain the term of hospitality in this age. Many people have tried to describe the hospitality industry in different ways. Some tried to simplify the scope of the industry and its characteristics of involving both tangible and intangible features in the service delivery process. Others attempted to describe the industry by exploring the stakeholders involved, mutual benefits generated and the industry's impacts to the society and economy.

Broadly speaking, hospitality is the act of kindness in welcoming and looking after the basic needs of customers or strangers, mainly in relation to food, drink and accommodation. A contemporary explanation of hospitality refers to the relationship process between a customer and a host. When we talk about the "Hospitality Industry", we are referring to the companies or organisations which provide food and/or drink and/or accommodation to people who are "away from home". However, this definition of the "Hospitality Industry" only satisfies most situations [1].

Lodging is an industry of rapid transformation. The inns, motels and hotels of old evolved from private homes located along the travelling person's route. Today's hotel is often a point of destination even as it serves its traditional role of accommodating those in transit as well as those seeking business and leisure accommodation. Yesterday's tavern offered meals with the family. Dining today is a created experience in design, decor and menu. Nowadays,

the 5 star hotels have multiple dining options and cuisine styles. Sometimes even the hotel is known more for the restaurant than the accommodation itself. Early inns were indistinguishable from their neighbour's homes. The industry still delivers the basic accommodations of shelter, food and hospitality. It is how it is delivered that has changed.

The hotel industry has grown and flourished through the centuries by adapting to the changing social, business and economic environment that marked human progress. During modern times, these stages have been labelled for easy reference. The 18th century was the agricultural age; the 19th, the industrial age. The 20th century has been the age of service. The sale of services, such as medicine, banking, education and hotel keeping, has outpaced the manufacture and distribution of goods [2].

The 21st century has opened with that same service culture even as it launches what is likely to be the age of technology. Hotel keeping is a cyclical industry that closely follows the nation's economic phases. Wide swings carry the hotel business between peaks of exceptional profits and downs of outright distress. Unfortunately, the industry both lags the general recovery and precedes the start of the decline. This rollercoaster has been very evident over the past half century. The entire travel industry, including inn keeping, was brought to its knees by the oil embargo of 1973. Hundreds of hotels went through bankruptcy, then came recovery.

A decade later, the early 1980s, saw the second collapse when the federal government changed the income tax laws

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on real estate. That debacle took down many banks as well. Recovery followed once again. A dozen years later, late 1990s, hotel profits began to appear. Just as the recovery was consolidating came the tragedy of the World Trade Centre 2001. Travel and tourism bottomed out again. Recovery was faster this time. About 100,000 new rooms were announced in 2005 alone [3].

The 2004-2008 period has been one of great prosperity. Rising oil costs beginning in 2005 laid the groundwork for another scenario reminiscent of 1973. Equally, challenging had been the industry's rush to build. Hoteliers stop building during the downturns. Three years is the typical span between planning and opening a hotel, even longer if there are special financing, zoning, or environmental issues. Over half of the projects are never built and those that often have fewer rooms than announced. Hotel occupancy and profits boom before the competition revs up new properties. So new rooms usually come on as the cycle peaks. The planning for such endeavours is usually a difficult task and will see a return on investment usually from 3 to 5 years.

That increased inventory accelerates the next downward dip. Supply and demand play their traditional roles in hotel economics, as they do for general business. Overbuilding, excess supply, exaggerates the downturns far, far more often than does insufficient demand, fewer customers. There are a lot of studies have been investigating on the customer satisfaction. However, there is a paucity study has been emphasized in the online context rather than offline. Therefore, this study needs to be explored.

2. Literature Review

2.1 Hotel Sector

This chapter emphasizes mainly on hotel sector which is under hospitality industry. It is a general class of field inside of the administrations and one of the quickest developing areas of worldwide economy. Simply speaking, hospitality is the demonstration of benevolence in inviting and caring for the fundamental needs of clients or outsiders, for the most part in connection to sustenance, drink and convenience.

A contemporary clarification of Hospitality alludes to the relationship process between a client and a host. Hospitality industry refers to the organizations or associations which give nourishment or beverage and settlement to individuals who are "far from home". In any case, this meaning of the hospitality industry just fulfils generally circumstances. According to statistics, some cities in the U.S. are among the leading, and fastest-growing tourism destinations [4].

An accommodation unit, for example, in lodging segments comprise of a number of gatherings, for example, office support and direct operations, for example, HR, doormen, servants, administration,

Major monetary records in the Asia-Pacific locale showed financial logjams in the course of recent years. In

spite of these difficulties, the extravagance neighbourliness industry in the Asia-Pacific district uncovered a huge development of 18% in 2010 and 11% in 2011. It also can be isolated in a few classes, for example, polished skill, credibility and the prosperity of the clients that can be conveyed and conveyed effectively by an association.

2.2 Customer Satisfaction

Customer satisfaction is the best indicator of how likely a customer will make a purchase in the future. Asking customers to rate their satisfaction on a scale of one to ten is a good way to see if they will become repeated customers or even advocates. In a competitive marketplace where businesses who succeed in these cut-throat environments are the one that makes customer satisfaction a key of their business strategy [6]. Companies who offer amazing customer experiences create environments where satisfaction is high and customer advocates are plenty.

Not only customer satisfaction help you keep a finger on the pulse of your existing customers, it can also act as a point of differentiation for new customers. Furthermore, a 'totally satisfaction customer' contributes forth teen times more revenue than a 'somewhat dissatisfied customers'. Satisfaction plays a significant role in how much revenue a customer generates for your business. A successful business understands the important of customer lifetime value (CLV). If you increase the CLV, you increase CLV the returns on your marketing. Customer lifetime value is beneficiary of high customer satisfaction and good customer retention [7].

In Hospitality industry, intention to returning the purchases very high. The most company want customer satisfaction as customer loyalty. The loyalty of customer to returning back show that, they are satisfied with services that given. Besides, the performance expectancy also high, they will influence to personal income [8].

The increased profit from loyalty will reduce the marketing costs, increased sales and reduced operational cost. A Loyal customer is less likely to switch because of price. In addition, they make more purchases then similar non-loyal customers. Loyal customers serve a "fantastic marketing force" by providing recommendations and by the spreading positive word-of-mouth, forming the best available advertising activities a company can get. In meanwhile, word-of-mouth is the one that shows customers satisfaction towards the services that they accept from the customer services in hotel industry. Customer satisfaction always talks about the same thing that they very satisfied. This satisfaction also, we can know the loyalty of customers towards one of the hotel services [9].

2.3 Intention to Repurchase

Repurchase intention refers to the likelihood of using a service provider again in the future [10]. Jackson [11] views "repurchase intent" as a "consumer behavioural intention" that measures the tendency to continue, increase, or decrease the amount of service from a current supplier.

The measures of repurchase intention are usually obtained from surveys of current customers assessing their tendency to purchase the same brand, same product/service, from the same company. Cronin et al., [12] has treated "behavioural intentions" and "repurchase intention" and as synonymous constructs. Ranaweera and Prabhu [13] defined "future behavioural intentions" as the future propensity of a customer to continue or to stay with their service provider, while some researchers have used the term "customer retention" to describe the construct with this definition [14].

As stated by Jones and Sasser [15], customer repeat purchase or retention is the most vital goal for company success and probably the most important concept in marketing. According to Rosenberg and Czepiel [16], than the cost of generating a new customer is believed to be approximate "six times", the cost of keeping an existing customer. As a result, firms are refocusing their efforts on keeping existing customers or making them repurchase, rather than focusing entirely on gaining new customers [17].

In general, there are a number of previous research studies which support a strong, positive relationship between satisfactions and repurchase intentions (e.g. Anderson and Fornell [18]; Rust and Zahorik [19]. Sharma and Patterson [20] also support that it is an established fact that satisfaction has a significant impact on customer repurchase intentions.

2.3.1 Dimensions of Customer Satisfaction

1. Effort expectancy can be defined as "the degree of ease associated with the use of system" [21]. Several studies have found effort expectancy as one of the important factors influencing customer's intention to purchase online. Features like convenience, and site design, ease of access of site, etc., have often been cited to have an influence over online customer's intention to determine the usability of the site. Keeping in view the above, the present paper identifies convenience and visualization as the major factors that have the potential to influence effort expectancy of online customers.

2. Performance expectancy is defined as the "degree to which an individual believes that using the system will help him or she attain gains in job performance" [21]. According to Venkatesh et al. [21], the researchers assumed that there is a relationship between performance expectancy and behavioural intention and in this study propose that the rise of a hyper-connected element that represents the facilitating condition will be mediated by performance expectancy towards behavioural intention. The previous researcher claimed that new information systems development such as hyper-connected element in facilitating condition will have positive relationship with behavioural intention with the positive effect of performance expectancy existence

3. Self-efficacy represents an individual's appraisal of their capability to perform the actions that are necessary to achieve an outcome in a given situation. Self-efficacy forms part of an individual's self-belief system used to

exert control over one's environment. Bandura [22] posits that self-efficacy develops primarily, and most powerfully, through personal attainments from direct experience, but can also arise indirectly from vicarious experience (i.e., modelling), verbal persuasion and related social influences indicating that one has particular capabilities and from physiological or affective states. It is through the cognitive processing and integration of this experiential information that self-efficacy beliefs are eventually determined [22].

4. Trust in the seller is a vital key to building customer loyalty and maintaining continuity in buyer-seller relationships [23]. The spatial and temporal separation between online buyers and sellers leads to asymmetry problems. A typical type of asymmetry is information asymmetry, which refers to a situation where one party to a transaction has more or better information than the other party [24]. Many researchers have argued that trust is a crucial enabling factor in relations where there is uncertainty, information asymmetry, and fear of opportunism [25].

2.4 The Relationship between Customer Satisfaction and Intention to Repurchase

The customer satisfaction affects the intention to repurchase in the hotel sector area where it lays the general hypothesis that can be determined throughout the research. This helps to create a lead towards refining the direction of the research. The in-depth towards the general hypothesis has been made which in the hotel sector area gains more intention to repurchase when the customer satisfaction reach, from here the design of research is defined. The hotel sector area gained more intention to repurchase when the customer satisfaction reach because there is good quality service offered.

The hotel needs to ask for feedbacks on a constant basis from the customer to identify their strategies by which they can create a stream of literature on the service to recover when the service experience does not go according to plan. Schiffman et al. [25] state that individual's perception of the product or service performance in relation to his or her expectation is needed. It defined the customers' wants and needs [26] where it is processed individually high. Reichheld [27] and Reichheld et al. [28] found that the providing more value for the customer and making the service offering more convenience to customers is important to business success shows the task efficiency considerations. It provides the evidence on the product of success to obtain satisfaction where fulfilling the expectation produce a feeling of satisfaction. It portrays the ability of a hotel sector to keep up to their level of satisfaction and more forward in giving the best service for the customer to actually experience.

Tansik [29] found that personal interaction is much more important compared to non-personal factors to portray a high touch service. It shows that the satisfaction of a customer varies and also their intention to repurchase as well influences the buying satisfaction. Their personal

income also plays an important role to give a level to expectations on the outcome later on.

Internal factor as well provides an outstanding outcome where such as the satisfaction of the workers where when they are satisfied they can provide an excellent performance where the good identity of the company is portrait. It all have to be push and be motivated in leading the best hotel sector performance in gaining the satisfaction of the customer such as Schneider et al. [30] stated that creating interpersonal skills in every employee creates a development towards their performance. It helps to give a boost towards their performance.

Fulfilling the needs of a company may be a hard thing but it creates a numerous experience so that the value gained in the end is tremendously presumed. The level of intention of repurchase given has to be equal with the satisfaction of the customer to create an even amount of values. Seeking of answers by giving a survey to ensure the expectation of customer are at par with the hotel is needed to help keep the hypothesis sustain in a hotel. Thus, the following hypotheses are proposed:

H1: Effort expectancy has a positive influence on intention to repurchase.

H2: Performance expectancy has a positive influence on intention to repurchase.

H3: Self-efficacy has positive influence on intention to repurchase.

H4: Trust has positive influence on intention to repurchase.

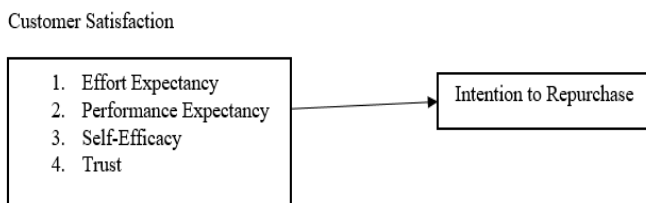


Fig. 1. Theoretical Framework

3. Methodology

In terms of the method, a single method using quantitative survey is chosen for data collection. The empirical study is conducted in the context of hotel sector particularly in Shah Alam, Selangor. Population sampling frame refers to a customer who experienced service provided by the hotel. A pilot study is conducted in the measurement that surveys development process which enhances validity and reliability. Lastly, the collected data is used to generate methodical items that support the model and measures the relationship between construct within a theoretical framework, using Statistical Package for the Social Sciences (SPSS).

4. Discussions and Conclusion

The findings of this study will greatly benefit the reader's action as a whole to give the best offer considering the customers are expected to repurchase the services. If providers get these services right, customers will hand over the keys to the loyalty. The relationship between the service quality's dimension and customer satisfaction will act as guidance to the providers to focus on the more important aspects and avoid majoring the minor, at the same time they cannot focus on a dimension and let the other suffer. Specifically, the hospitality industry rely heavily on the returned customers and their feedback (as most of them will tell others about their experiences on the services), the customer satisfaction is the number one priority. This finding also will help the future researcher to uncover the most critical area of the study to provide action which will affect the customer's satisfaction.

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