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Understanding Switchers and Stayers in the Lodging Industry

Abstract

Service companies worldwide spend billions every year on customer-loyalty programs and other preferred-guest programs aimed at getting their guests to continue their patronage, although it's clear that many customers defect to competitors. One way to improve customer retention is to analyze guests' behavior according to four distinct guest segments, which are based on their staying or switching behavior. The four groups are satisfied switchers, dissatisfied stayers, satisfied stayers, and dissatisfied switchers. Two groups, satisfied stayers and dissatisfied switchers, generally behave as one might expect—either staying or defecting based on their level of satisfaction. The other two groups, satisfied switchers and dissatisfied stayers, do not conform to expectations. Most confounding are satisfied switchers, who report being satisfied but then choose alternative hotels, rather than routinely choosing the hotel with which they have expressed high levels of satisfaction. Thus, although marketers have long advanced the presence of guest satisfaction as instrumental in ensuring repeat business, satisfaction does not appear to drive repeat purchases for all consumers, as previously had been assumed. Also intriguing, dissatisfied stayers are unwilling or unable to exert the effort to identify and use alternative hotels, even though they are unhappy with the elements of the hotel at which they stay. Looking at demographic differences, older guests and women selected the hotel for familiarity and self-image needs. Older guests were more likely to be satisfied stayers, while younger respondents were more inclined to be satisfied switchers. Hence, while the respondents in this study reported equivalent levels of satisfaction with the hotel regardless of age, they demonstrated different switching behavior. Respondents' educational level did not affect satisfaction or loyalty, but purpose of travel differentiated the respondents. Business travelers were the least satisfied, least loyal, and least involved of the guest segments. Additionally, business travelers were more likely to be dissatisfied switchers than other types of travelers. Hotel managers can use this information to better define those groups in which they want to develop strategic investments and from which they are most likely to obtain the greatest long-term value. The findings suggest that hotel companies should reexamine the target markets for their customer-retention programs to aim at customers groups that are most likely to respond to those programs.

Keywords

customer-loyalty, guest behavior, customer-retention programs, room switching

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Understanding Switchers and Stayers

in the Lodging Industry

by Iselin Skogland
and Judy A. Siguaw, D.B.A.

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Executive Summary

Understanding Switchers and Stayers in the Lodging Industry

by Iselin Skogland and Judy A. Siguaw, D.B.A.

SERVICE COMPANIES WORLDWIDE spend billions every year on customer-loyalty programs and other preferred-guest programs aimed at getting their guests to continue their patronage, although it's clear that many customers defect to competitors. One way to improve customer retention is to analyze guests' behavior according to four distinct guest segments, which are based on their staying or switching behavior. The four groups are satisfied switchers, dissatisfied stayers, satisfied stayers, and dissatisfied switchers.

Two groups, satisfied stayers and dissatisfied switchers, generally behave as one might expect—either staying or defecting based on their level of satisfaction. The other two groups, satisfied switchers and dissatisfied stayers, do not conform to expectations. Most confounding are satisfied switchers, who report being satisfied but then choose alternative hotels, rather than routinely choosing the hotel with which they have expressed high levels of satisfaction. Thus, although marketers have long advanced the presence of guest satisfaction as instrumental in ensuring repeat business, satisfaction does not appear to drive repeat purchases for all consumers, as previously had been assumed.

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Looking at demographic differences, older guests and women selected the hotel for familiarity and self-image needs. Older guests were more likely to be satisfied stayers, while younger respondents were more inclined to be satisfied switchers. Hence, while the respondents in this study reported equivalent levels of satisfaction with the hotel regardless of age, they demonstrated different switching behavior. Respondents' educational level did not affect satisfaction or loyalty, but purpose of travel differentiated the respondents. Business travelers were the least satisfied, least loyal, and least involved of the guest segments. Additionally, business travelers were more likely to be dissatisfied switchers than other types of travelers.

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Understanding Switchers and Stayers in the Lodging Industry

by Iselin Skogland and Judy A. Siguaw, D.B.A.

CORPORATIONS IN THE UNITED STATES are rightly concerned about their customers' fickle behavior, because those companies routinely lose half their customers over a span of five years—resulting in a 25- to 50-percent reduction in corporate performance.¹ With such attrition, corporate efforts to retain customers are important. Evidence indicates that repeat customers become less costly to serve (because of learning effects and reduced service costs), while they simultaneously purchase more, pay higher prices, and willingly offer word-of-mouth recommendations to others.² To capture the benefits of loyal customers, hospitality firms have invested millions of dollars in their customer-retention programs. For instance, Marriott spent \$54 million in

1996 on its Honored Guest program, and Hyatt invested \$25 million in its loyalty program that year.³ Nevertheless, hospitality firms are scrutinizing customer-loyalty programs to determine whether they are doing what they were intended to do: namely, increase customers' repeat purchases and improve profits.

Research on customer loyalty has focused primarily on customer satisfaction. However, findings on the link between repeat-purchase behavior and satisfaction have been equivocal. A number of studies have reported significant links, while others have noted that satisfaction explains little in regard to repeat purchase.⁴ Consequently, practitioners and researchers have reached the following two conclusions, as expressed

¹ Jaishankar Ganesh, Mark J. Arnold, and Kristy E. Reynolds, "Understanding the Customer Base of Service Providers: An Examination of the Differences Between Switchers and Stayers," *Journal of Marketing*, Vol. 64, July 2000, pp. 65-87; and Frederick Reichheld and Thomas Teal, *The Loyalty Effect* (Boston: Harvard Business School Press, 1996).

² For example, see: *Ibid.*; Susan Keaveney, "Customer Switching Behavior in Service Industries: An Exploratory Study," *Journal of Marketing*, Vol. 59, April 1995, pp. 71-82; Louise O'Brien and Charles Jones, "Do Rewards Really Create Loyalty?," *Harvard Business Review*, Vol. 73, May-June 1995, pp. 75-83; and Frederick Reichheld and David W. Kenny, "The Hidden Advantages of Customer Retention," *Journal of Retail Banking*, Vol. 4, Winter 1990, pp. 19-23.

³ Stephanie Seacord, "Who's Been Sleeping in Our Beds?," *American Demographics*, Vol. 58, March-April 1996, pp. 58-65.

⁴ See, for example: Ruth N. Bolton, "A Dynamic Model of the Duration of the Customer's Relationship with a Continuous Service Provider: The Role of Satisfaction," *Marketing Science*, Vol. 17, No. 1 (1998), pp. 45-65; Joseph J. Cronin, Jr., and Steven A. Taylor, "Measuring Service Quality: A Reexamination and Extension," *Journal of Marketing*, Vol. 56, July 1992, pp. 55-68; Priscilla A. LaBarbera and David Mazursky, "A Longitudinal Assessment of Consumer Satisfaction/Dissatisfaction: The Dynamic Aspect of the Cognitive Process," *Journal of Marketing Research*, Vol. 20, November 1983, pp. 393-404; and Rajan Sambandam and Kenneth R. Lord, "Switching Behavior in Automobile Markets: A Consideration Sets Model," *Journal of the Academy of Marketing Science*, Vol. 23, Winter 1995, pp. 57-65.

Customer Loyalty: Switchers and Stayers

by Ganesh *et al.*: “(1) Not all customers should be targeted with retention and loyalty efforts, and (2) Some of the most satisfied and loyal customers might still switch [to a competitor] for reasons beyond the control of the firm and at times even beyond the control of the customer.”⁵ While the explicit recognition of these principles is a step in the right direction, much work remains so that these ideas can provide greater utility to marketers. Specifically, marketers must be able to differentiate customer groups on the

Differentiating consumers by satisfaction and loyalty behavior yields four groups, including “satisfied switchers,” who go somewhere else even when they liked your hotel.

basis of loyalty behavior, so as to allocate marketing resources to the revenue- and profit-generating customers. Building customer loyalty is advantageous only if the money spent on fostering that loyalty is directed to the customers who are, in fact, valuable in terms of profits.

To facilitate this goal, the study reported here examines the loyalty and switching behavior of four customer groups in the hotel industry, as well as by demographic variables. The groups are differentiated and labeled according to their level of satisfaction combined with their switching behavior. We have named the groups as follows: satisfied switchers, dissatisfied switchers, satisfied stayers, and dissatisfied stayers. *Satisfied switchers* are those who are satisfied with their accommodations, but who nevertheless patronize a competitor, while *dissatisfied switchers* are those who are dissatisfied and disloyal. *Satisfied stayers* are those who are both satisfied and loyal. The final group, *dissatisfied stayers*, is composed

⁵ Ganesh *et al.*, pp. 65–87.

of customers who stay repeatedly at the same hotel even though they are not satisfied with the accommodations. While the behavior of the dissatisfied stayers seems even more peculiar than that of those who are satisfied but switch anyway, previous research has noted the phenomenon of loyalty among dissatisfied customers.⁶

By understanding the attitudinal and behavioral characteristics of these four groups (including demographic factors), hoteliers can implement effective strategies for attracting and retaining customers. This report’s objectives are threefold. (1) It examines how the four groups of customers that we just identified differ in their satisfaction with the various dimensions of a hotel’s services. (2) It investigates how the four groups of guests may differ in their loyalty and involvement behavior toward the hotel. (3) It explains how guests’ demographics may affect switching behavior, satisfaction, loyalty, and involvement.

Research Hypotheses

The marketing literature suggests three concepts that are fundamental to the examination of customer differences: loyalty, satisfaction, and involvement.⁷ In addition to these concepts, other factors, such as demographics, may also be at the core of understanding customers’ switching behavior, although the relationship between demographic factors and switching behavior has received scant attention in the literature.⁸

⁶ Thorsten Hennig-Thurau and Alexander Klee, “The Impact of Customer Satisfaction and Relationship Quality on Customer Retention: A Critical Reassessment and Model Development,” *Psychology and Marketing*, Vol. 14, No. 8 (1997), pp. 737–764.

⁷ As put forth in: Ganesh *et al.*, pp. 65–87.

⁸ For two of the few studies to link demographic factors and switching behavior, see: Susan M. Keaveney and Madhavan Parthasarathy, “Customer Switching Behavior in Online Services: An Exploratory Study of the Role of Selected Attitudinal, Behavioral, and Demographic Factors,” *Journal of the Academy of Marketing Science*, Vol. 29, Fall 2001, pp. 374–390; and Pei-Yu Chen and Lorin M. Hitt, “Measuring Switching Costs and the Determinants of Customers Retention in Internet-enabled Businesses: A Study of the Online Brokerage Industry,” *Information Systems Research*, Vol. 13, September 2002, pp. 255–274.

For decades, academics and professionals have preached that building customer loyalty is a key to a successful business. Loyal customers have been found to purchase more and facilitate additional business from new customers by generating positive word of mouth.⁹ Indeed, Ganesh and colleagues stated: “Loyal customers are logically at the heart of a company’s most valuable customer group.”¹⁰

Satisfaction with a product or service has been identified as a determinant for customer loyalty and, perhaps more important, a firm’s profitability. Research has shown that satisfied customers exhibit reduced price sensitivity and lowered sensitivity to competition, and expand the customer base via positive word of mouth.¹¹ Moreover, research indicates that customer satisfaction increases the likelihood of repeat business.¹² Hence, improved comprehension of satisfaction and all its dimensions seems crucial to long-term success.

The degree of involvement that the customer has in the purchase decision will also have a strong effect on the propensity to switch service providers. Two types of involvement have been found to play a role in switching behavior—purchase involvement¹³ and ego involvement.¹⁴

Last, research has indicated that many factors affect a customer’s repeat-purchase decision.¹⁵ Consequently, this study will examine switching behavior as it is influenced by the following five demographic factors: gender, age, occupation, education, and type of traveler. These customer characteristics are expected to affect satisfaction, loyalty, and involvement.

Satisfaction

We use the following definition of satisfaction from Jones *et al.*: “an overall evaluation of performance based on all prior experiences with a firm.”¹⁶ Although an investigation of overall satisfaction with services provides relevant insight into the various customer groups under consideration, even greater knowledge can be obtained by distilling satisfaction into its various dimensions—especially in an industry where switching behavior and customer loyalty are paramount.¹⁷ Indeed, some dimensions of satisfaction may be more important than others as antecedents of repeat-purchase behavior and loyalty. Furthermore, prior research has indicated that satisfaction levels regarding services vary by customer segment.¹⁸ Identification of the crucial dimensions of satisfaction allows managers to focus on the areas of greatest importance to their customer segments.

Common dimensions of satisfaction include the quality of the service itself, the quality of any products delivered in conjunc-

⁹ O’Brien and Jones, pp. 75–83; Richard L. Oliver, *Satisfaction: A Behavioral Perspective on the Consumer* (Boston: Richard D. Irwin/McGraw-Hill, 1997); and Reichheld and Teal, pp. 19–23.

¹⁰ Ganesh *et al.*, pp. 65–87.

¹¹ Eugene W. Anderson, Claes Fornell, and Donald Lehman, “Customer Satisfaction Market Share, and Profitability: Findings from Sweden,” *Journal of Marketing*, Vol. 58, July 1994, pp. 53–66; and Claes Fornell, “A National Customer Satisfaction Barometer: The Swedish Experience,” *Journal of Marketing*, Vol. 56, January 1992, pp. 6–21.

¹² Bolton, pp. 45–65; LaBarbera and Mazursky, pp. 393–404; and Steven A. Taylor and Thomas L. Baker, “An Assessment of the Relationship between Service Quality and Customer Satisfaction in the Formation of Consumers’ Purchase Intentions,” *Journal of Retailing*, Vol. 70, No. 2 (1994), pp. 163–178.

¹³ Terrence Oliva, Richard L. Oliver, and Ian MacMillan, “A Catastrophe Model for Developing Service Satisfaction Strategies,” *Journal of Marketing*, Vol. 56, July 1992, pp. 83–95.

¹⁴ Jose M.M. Bloemer and Hans D. P. Kaspar, “The Complex Relationship between Consumer Satisfaction and Brand Loyalty,” *Journal of Economic Psychology*, Vol. 16, July 1995, pp. 311–329.

¹⁵ See, for example: Naufel J. Vilcassim and Dipak C. Jain, “Modeling Purchase-timing and Brand-switching Behavior Incorporating Explanatory Variables and Unexplained Heterogeneity,” *Journal of Marketing Research*, Vol. 28, February 1991, pp. 29–41.

¹⁶ Michael A. Jones, David L. Mothersbaugh, and Sharon E. Beatty, “Switching Barriers and Repurchase Intentions in Services,” *Journal of Retailing*, Vol. 76, Summer 2000, p. 260.

¹⁷ Ronald T. Rust and Anthony J. Zatorik, “Customer Satisfaction, Customer Retention, and Market Share,” *Journal of Retailing*, Vol. 69, Summer 1993, pp. 193–215.

¹⁸ Atilla Yüksel and Fisun Yüksel, “Measurement of Tourist Satisfaction With Restaurant Services: A Segment-Based Approach,” *Journal of Vacation Marketing*, Vol. 9, No. 1 (2002), pp. 52–68.

Customer Loyalty: Switchers and Stayers

tion with the service, price, and location. Theory suggests that the service quality (as measured by tangibility, reliability, responsiveness, assurance, and empathy)¹⁹ may be the most salient factor in determining overall satisfaction and repeat purchase in service industries.²⁰ The argument for the importance of the service quality is further sup-

**Not even enhanced
levels of customer satisfaction or supposed
switching costs offset satisfied switchers'
predilection to try another brand.**

ported by the services-marketing literature, which, because of the intangibility of services, advances service encounters as predominantly interpersonal interactions.²¹ Consequently, as with other social relationships, the bond between the hotel representative and the guest will weigh heavily when the guest makes a satisfaction judgment. Accordingly, we offer the following hypotheses:

H₁: Satisfied stayers will report greater satisfaction with interpersonal aspects of the service than with other dimensions of satisfaction.

¹⁹ According to: A. Parasuraman, Valarie A. Zeithaml, and Leonard L. Berry, "A Conceptual Model of Service Quality and Its Implications for Future Research," *Journal of Marketing*, Vol. 49, Fall 1985, pp. 41-50; A Parasuraman, Valarie A. Zeithaml, and Leonard L. Berry, "SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality," *Journal of Retailing*, Vol. 64, Spring 1988, pp. 12-37; and A. Parasuraman, Valarie A. Zeithaml, and Leonard L. Berry, "Reassessment of Expectations as a Comparison Standard in Measuring Service Quality: Implications for Further Research," *Journal of Marketing*, Vol. 58, January 1994, pp. 111-124.

²⁰ Ganesh *et al.*, pp. 65-87; Yüksel and Yüksel, pp. 52-68.

²¹ Leonard L. Berry, "Relationship Marketing," in *Emerging Perspectives on Services Marketing*, ed. Leonard L. Berry, Lynn Shostack, and Gregory Upah (Chicago: American Marketing Association, 1983); and John A. Czepiel, "Service Encounters and Service Relationships: Implications for Research," *Journal of Business Research*, Vol. 2, No. 1 (1990), pp. 13-21.

H₂: Satisfied stayers will report greater satisfaction with the various dimensions of the service than the other three groups of customers.

Customer Loyalty

In addition to satisfaction, another construct of great relevance to consumer studies is customer loyalty. Customer loyalty comprises both an attitudinal commitment to the relationship and the concomitant actions, such as positive word of mouth and repeat patronage.²²

Assessment of a service experience is based largely on the next-best-alternative relationship. As soon as a service's outcome level drops below the alternative's perceived level, the customer is motivated to leave the relationship.²³ The customer may remain in the relationship, but that does not necessarily indicate loyalty. The person may continue as a customer when his or her expectations are greater than either the existing service outcome or the alternatives' perceived level. In that case, the customer is dissatisfied but unable to find a better alternative.²⁴ This person is a dissatisfied stayer. Despite subsequent purchases, this consumer has only spurious loyalty, and neither true attitudinal nor overt behavioral loyalty exists.

Perhaps the greatest challenge for hospitality marketers is the confounding behavior of satisfied switchers, whose high levels of satisfaction do not result in repeated purchases. One factor that motivates satisfied switchers is simply a strong predisposition to switch service suppliers or brands. Studies

²² See: Seyhmus Baloglu, "Dimensions of Customer Loyalty: Separating Friends from Well Wishers," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 43, No. 1 (February 2002), pp. 47-59; George S. Day, "A Two-Dimensional Concept of Brand Loyalty," *Journal of Advertising*, Vol. 9, No. 3 (1969), pp. 29-35; and Alan S. Dick and Kunal Basu, "Customer Loyalty: Toward an Integrated Conceptual Framework," *Journal of the Academy of Marketing Science*, Vol. 22, No. 2 (1994), pp. 99-113.

²³ John W. Thibaut and Harold H. Kelley, *The Social Psychology of Groups* (New York: John Wiley & Sons, 1959).

²⁴ Baloglu, pp. 47-59; and Ganesh *et al.*, pp. 65-87.

have indicated that not even enhanced levels of customer satisfaction offset this predilection.²⁵

Satisfied switchers also seem inured to switching costs (including time, money, and effort), which usually discourage switching and encourage repeated purchases.²⁶ High perceived switching costs have been found to result in greater customer loyalty and repeat-purchase intentions.²⁷ However, satisfied switchers are less likely to perceive switching costs as an inhibiting influence, because their experience with switching service providers ameliorates the inhibitive effects of switching costs.²⁸ Moreover, the literature indicates that customers who switch because of extrinsic motivators (e.g., coupons or discounts) are more likely to demonstrate lower levels of loyalty and repeat-purchase intentions than do customers who are intrinsically motivated (e.g., dissatisfied, wanting to try a new brand).²⁹ Based on the preceding discussion, the following hypotheses are offered:

H₃: Satisfied stayers will report greater loyalty to the service than will the other three groups of customers.

H₄: Dissatisfied stayers will report loyalty levels not statistically different from dissatisfied switchers.

H₅: Satisfied switchers will report loyalty levels not statistically different from dissatisfied switchers.

²⁵ Abod Ali Khatibi, Hishamuddin Ismail, and Venu Thyagarajan, "What Drives Customer Loyalty: An Analysis from the Telecommunications Industry," *Journal of Targeting, Measurement and Analysis for Marketing*, Vol. 11, No. 1 (2002), pp. 34-44; and Banwari Mittal and W. M. Lassar, "Why Do Customers Switch?," *Journal of Service Marketing*, Vol. 12, No. 3 (1998), pp. 177-194.

²⁶ Dick and Basu, pp. 99-113; Ganesh *et al.*, pp. 65-87.

²⁷ Jones *et al.*, p. 260.

²⁸ Ganesh *et al.*, pp. 65-87.

²⁹ LaBarbera and Mazursky, pp. 393-404; David Mazursky, Priscilla LaBarbera, and Al Aiello, "When Customers Switch Brands," *Psychology and Marketing*, Vol. 4, Spring 1987, pp. 17-30.

Involvement

Involvement, as it relates to this research, comprises both purchase involvement and ego involvement. Purchase involvement is defined as "the level of concern for or interest in the purchase process that is triggered by the need to consider a particular purchase."³⁰ Thus, purchase involvement consists of the time and effort invested in making a purchase, including any internal and external research that may precede the transaction.³¹ Satisfied stayers may feel less purchase involvement than do the other groups because the satisfied stayers routinely make the same purchase. In contrast to the satisfied stayers, who have had a good experience with their purchase, dissatisfied stayers and dissatisfied switchers are likely to have encountered critical service failures.³² "Highly salient...distinctive, atypical, and emotionally charged,"³³ such service failures are memorable and readily recalled.³⁴ As a result, negative experiences of this kind modify future expectations and both broaden and deepen the criteria used in the search for better alternatives.³⁵ Broadened criteria constitute mechanism for reducing the risk of making another poor purchase decision.³⁶ In turn, the additional cognition involved in the expanded analysis heightens the level of purchase involvement.³⁷

³⁰ Ganesh *et al.*, pp. 65-87.

³¹ According to Banwari Mittal and Myung-soo Lee, "A Causal Model of Consumer Involvement," *Journal of Economic Psychology*, Vol. 10, November 1989, pp. 363-389; and Judith Lynne Zaichkowsky, "Measuring the Involvement Construct," *Journal of Consumer Research*, Vol. 12, December 1985, pp. 341-352.

³² Keaveney, pp. 71-82.

³³ Ganesh *et al.*, pp. 65-87.

³⁴ Valerie S. Folkes, "The Availability Heuristic and Perceived Risk," *Journal of Consumer Research*, Vol. 15, June 1988, pp. 13-23.

³⁵ Richard L. Oliver and Russell S. Winer, "A Framework for the Formation and Structure of Consumer Expectations: Review and Propositions," *Journal of Economic Psychology*, Vol. 8, December 1987, pp. 469-499.

³⁶ Mittal and Lee, pp. 363-389.

³⁷ Peter H. Bloch and Marsha L. Richins, "A Theoretical Model for the Study of Product Importance Perceptions," *Journal of Marketing*, Vol. 47, Summer 1983, pp. 69-81.

Customer Loyalty: Switchers and Stayers

Satisfied switchers are likely to experience changes in key components of the service as they move from one service provider to another. Because of their more turbulent environment and the frequent need to reconsider alternatives and purchase criteria, their purchase involvement is also likely to be fairly high.³⁸ Therefore, based on the preceding discussion, we offer the following hypothesis:

H₆: Dissatisfied stayers, dissatisfied switchers, and satisfied switchers will exhibit higher levels of purchase involvement (evaluative effort and need for risk reduction) than will satisfied stayers.

Ego involvement occurs when relatively enduring importance is placed on a product or product class as it relates to the consumer's self-image, values, and status.³⁹ Researchers have noted that familiarity affects the consumer's degree of ego involve-

While hotel chains increasingly use web sites to acquire online bookings, a host of channels are attempting to draw consumers to their own sites.

ment.⁴⁰ For example, Ganesh and colleagues proposed that, compared to switchers, stayers "are more likely to experience higher degrees of familiarity and to develop a favorable attitude toward a particular service provider and the service category in general."⁴¹ That familiarity and favorable

³⁸ Sharon Beatty, Lynn R. Kahle, and Pamela Homer, "The Involvement-Commitment Model: Theory and Implications," *Journal of Business Research*, Vol. 16, No. 2 (1988), pp. 149-167.

³⁹ *Ibid.*; and Peter H. Bloch and Marsha L. Richins, "After the New Wears Off: The Temporal Context of Product Involvement," *Journal of Consumer Research*, Vol. 13, September 1986, pp. 280-285.

⁴⁰ Museser Sherif and H. Cantril, *The Psychology of Ego-Involvement* (New York: John Wiley & Sons, 1947).

⁴¹ Ganesh *et al.*, pp. 65-87.

attitude, in turn, increase the level of ego involvement. Such would not be true of dissatisfied stayers, who by definition do not have a favorable attitude toward the service provider, even though they have a high a level of familiarity. Likewise, switchers should not have high ego involvement, because they would not experience the necessary familiarity with the product. Furthermore, levels of ego involvement for the product or product class decline when the customer experiences a dissatisfying service relationship.⁴² That is, the customer will take less notice of the degree to which the unsatisfactory service influences the customer's self-image, values, or status.⁴³ Dissatisfied customers, then, should report lower ego involvement than do satisfied customers. Thus, we suggest the following:

H₇: Compared with satisfied stayers, dissatisfied stayers, dissatisfied switchers, and satisfied switchers will exhibit lower levels of ego involvement (need for familiarity and self-image).

Demographic Factors

Evidence from prior research indicates that other factors, such as education and age, influence customer loyalty and satisfaction.⁴⁴ This research leads us to believe that demographic factors will also affect involvement. We consider five demographic variables—namely, gender, age, education, purpose of travel (business or leisure), and income—as they relate to the other constructs under study here. Next, we explain how each of those factors might influence purchase behavior.

Gender. The effect that gender has on a person's buying behavior has caught the

⁴² Sherif and Cantril, *op. cit.*

⁴³ Bloch and Richins, pp. 280-285.

⁴⁴ Christian Homburg and Annete Giering, "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," *Journal of Marketing Research*, Vol. 17, November 1980, pp. 460-469.

interest of many researchers.⁴⁵ Women's purchasing behavior is found to be strongly influenced by their evaluation of the personal interaction that takes place. In general, women exhibit higher satisfaction with their buying experiences than do men.⁴⁶ Compared to men, women are generally more involved in the purchase process and decision,⁴⁷ and women also tend to pay more attention to the perceived helpfulness of staff members.⁴⁸ Based on these characteristics (and the above discussion of involvement), we can hypothesize that relative to men, women will be more involved in the lodging purchase and more loyal to a particular hotel. Furthermore, a woman is likely to be more satisfied with the "people factor" of the service, whereas men, who rely relatively less on soft factors, are likely to be more satisfied with the hard product (i.e., the facilities and the physical assets). We can then formally propose the following:

H₈: Women will be more involved with the purchase of a hotel room than are men.

H₉: Women will be **(a)** more satisfied than men with the people factor of the hotel service, but **(b)** less satisfied with the ambience of the hotel.

H₁₀: Women will exhibit higher customer loyalty than men.

H₁₁: Women are more likely to be satisfied stayers than men.

⁴⁵ For example, see: Cynthia R. Jasper and Pi Nan Rosa Lan, "Apparel Catalog Patronage: Demographic, Lifestyle, and Motivational Factors," *Psychology & Marketing*, Vol. 9 (1992), pp. 275-296; Mark E. Slama and Armen Tashlian, "Selected Socioeconomic and Demographic Characteristics Associated with Purchasing Involvement," *Journal of Marketing*, Vol. 49, Winter 1985, pp. 72-82; Valarie A. Zeithaml, "The New Demographics and Market Fragmentation," *Journal of Marketing*, 49, (1985), pp. 64-75.

⁴⁶ Barbara Everitt Bryant and Jaeung Cha, "Crossing the Threshold," *Marketing Research*, Vol. 8, Winter 1996, pp. 20-28.

⁴⁷ Slama and Tashlian, pp. 72-82.

⁴⁸ Faye Gilbert and William E. Warren, "Psychographic Constructs and Demographic Segments," *Psychology and Marketing*, Vol. 12, 1995, pp. 222-237.

Age. Age is another factor that has attracted a considerable amount of attention in connection with loyalty and repeat purchases. Research comparing the difference in purchasing behavior among different age groups has looked specifically at the information-processing abilities needed to evaluate a product.⁴⁹ Most of these studies have concluded that information-processing abilities decline with age.⁵⁰ Since old people have relatively lower information-processing abilities than do young people, it is likely that people older than 55 will exhibit higher resilience to changes in their level of satisfaction, and hence be more loyal and less likely to switch than are those under 55. Indeed, Bryant and Cha report that age has the largest effect on consumer satisfaction. They found that old consumers have been found to have higher levels of satisfaction regarding their purchasing experiences than do young people.⁵¹ Those researchers also suggest that old consumers' more-positive views regarding purchases occur because old consumers use different standards of comparison than do their younger counterparts. Thus, we are led to hypothesize the following:

H₁₂: People over 55 are more likely to exhibit higher levels of **(a)** satisfaction, **(b)** loyalty, and **(c)** involvement (than those under 55).

H₁₃: People over 55 are more likely to be satisfied stayers (than those under 55).

⁴⁹ Morris Moscovitch, "A Neuropsychological Approach to Perception and Memory in Normal and Pathological Aging," in *Aging and Cognitive Processes*, ed. F.I.M. Craik and S. Trehub (New York: Plenum Press, 1982); Deborah Roedder John and Catherine Cole, "Age Differences in Information Processing: Understanding Deficits in Young and Elderly Consumers," *Journal of Consumer Research*, Vol. 13 (1986), pp. 297-315; and J. Smith and P.B. Baltes, "Wisdom-related Knowledge: Age/Cohort Differences in Response to Life Planning Problems," *Development Psychology*, Vol. 26 (1990), pp. 494-505.

⁵⁰ Mary Gilly and Valarie A. Zeithaml, "The Elderly Consumer and Adoption of Technologies," *Journal of Consumer Research*, Vol. 12, No. 3 (1985), pp. 353-357.

⁵¹ Bryant and Cha, pp. 20-28.

Education. Customer satisfaction has generally been found to be negatively related to education levels. Bryant and Cha, for instance, concluded that as a person's education level increases, her satisfaction with shopping experiences declines.⁵² Similarly, consumers with a high socioeconomic status (which incorporates education) reported less satisfaction with after-sales service than did a low-status comparison group.⁵³ The most likely source of that negative relationship is high-status consumers' greater sophistication and their specific knowledge about what to expect from a service. Support for this position is provided by research findings that, compared to those with more education, less-educated consumers may have ambiguous expectations and find it difficult to apply the knowledge gained from their experiences.⁵⁴ Conversely, however, a study of on-line switching behavior found that switchers were more likely to have lower education levels than those who did not switch.⁵⁵ Although the prior findings are mixed regarding the effect of education on satisfaction and switching behavior, and the relationship between education and involvement has not been previously examined, we tested the following hypotheses :

H₁₄: Consumers with higher education are more likely to exhibit lower levels of **(a)** satisfaction, **(b)** loyalty, and **(c)** involvement than consumers with lower levels of education.

H₁₅: Consumers with higher education are more likely to be dissatisfied switchers than those consumers with lower levels of formal education.

⁵² *Ibid.*

⁵³ Dick A. Francken and Fred W. van Raay, "Socio-Economic and Demographic Determinants of Consumer Problem Perception," *Journal of Consumer Policy*, Vol. 8, September 1985, pp. 303-314.

⁵⁴ Stephen J. Hoch and John Deighton, "Managing What Consumers Learn From Experience," *Journal of Marketing*, Vol. 53, April 1989, pp. 1-20.

⁵⁵ Keaveney and Parthasarathy, pp. 374-390.

Travel purpose. Few studies have compared the satisfaction levels of business travelers with those of leisure travelers. Research has shown that business travelers experience the greatest satisfaction with the quality of the hotel and with factors that boost their self-esteem.⁵⁶ Similarly, Gundersen reported that business travelers consider guest-room comfort and amenities, speedy check-in, and willingness to offer services as providing the greatest level of satisfaction.⁵⁷ Unfortunately, studies examining the relationship between type of traveler and switching behavior are virtually nonexistent. Thus, the following are presented as testable forms of research questions:

H₁₆: Business travelers are more likely to exhibit lower levels of **(a)** satisfaction, **(b)** loyalty, and **(c)** involvement than either leisure travelers or those who combine business and leisure travel.

H₁₇: Business travelers are more likely to be dissatisfied switchers than either leisure travelers or those who combine business and leisure travel.

Income. High-income consumers are generally assumed to have high levels of education.⁵⁸ Thus, it is postulated that high-income consumers will engage in more information processing and make a more-informed purchasing decision than would low-income consumers.⁵⁹ The putative cognitive capacity and awareness of available

⁵⁶ David C. Gilbert, "The Relative Importance of Hotels and Airlines to the Business Traveler," *International Journal of Contemporary Hospitality Management*, Vol. 7, No. 6 (1995), pp. 19-23; and David C. Gilbert, "The Usefulness of Critical Incident Technique Analysis in Isolating Travel Satisfaction," *International Journal of Contemporary Hospitality Management*, Vol. 7, No. 4 (1995), pp.V-VII.

⁵⁷ Marit G. Gundersen, "Hotel Guest Satisfaction among Business Travelers," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 37, No. 2 (April 1996), pp. 72-81.

⁵⁸ John U. Farley, "Why Does Brand Loyalty Vary Over Products?," *Journal of Marketing Research*, No. 1 (1964), pp. 9-14.

⁵⁹ Charles M. Schaninger and David Sciglimpaglia, "The Influence of Cognitive Personality Traits and Demographics on Consumer Information Acquisition," *Journal of Consumer Research*, Vol. 8 (1981), pp. 208-216.

Exhibit 1**Overall satisfaction measure: Group means***Measure: Overall, how satisfied are you with the hotel?*

Groups	Mean score (out of 5)	Difference between means	
Satisfied Stayers (<i>n</i> = 204)	3.926	Satisfied stayers vs. dissatisfied stayers	1.310 (.000)
		Satisfied stayers vs. satisfied switchers	.032 (.482)
		Satisfied stayers vs. dissatisfied switchers	1.192 (.000)
Dissatisfied Stayers (<i>n</i> = 8)	2.616	Dissatisfied stayer vs. satisfied switcher	-1.278 (.001)
		Dissatisfied stayer vs. dissatisfied switcher	-.119 (.720)
Satisfied Switchers (<i>n</i> = 138)	3.894	Satisfied switcher vs. dissatisfied switcher	1.160 (.000)
Dissatisfied Switchers (<i>n</i> = 14)	2.735		

offers on the part of highly educated, high-income consumers is then likely to affect their comparison levels of the current service provider and their comparison level of alternatives. As a result, the higher the consumer's income level, the lower that person's satisfaction level with the goods and services is likely to be.⁶⁰ From this we can conclude that people with relatively high levels of income (that is, \$100,000 or above) are more likely to exhibit lower levels of satisfaction than those with incomes under \$100,000, due to the high-income consumers' large comparative base. That would mean that high-income consumers would demonstrate lower levels of loyalty and have

⁶⁰ Bryant and Cha, pp. 20–28.

a higher propensity to switch than would low-income guests. Hence, we hypothesize as follows:

H_{18} : Consumers with high incomes are more likely to exhibit lower levels of **(a)** satisfaction, **(b)** loyalty, and **(c)** involvement than consumers with low levels of income.

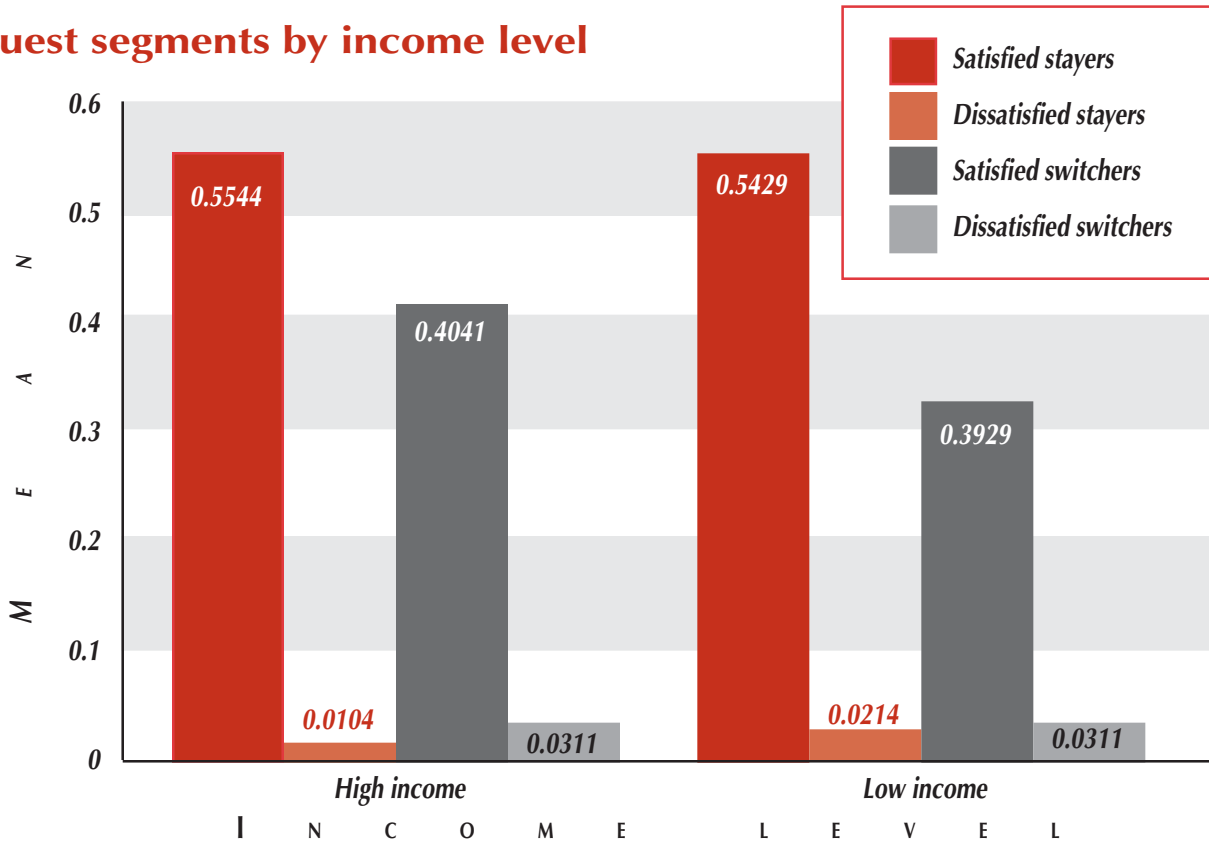
H_{19} : Consumers with high incomes are more likely to be dissatisfied switchers than consumers with low levels of income.

Research Method

To test our hypotheses, we contacted two hotels located in a major midwestern city in the United States. Both hotels are three-star properties located in the city's core business

Exhibit 2

Guest segments by income level



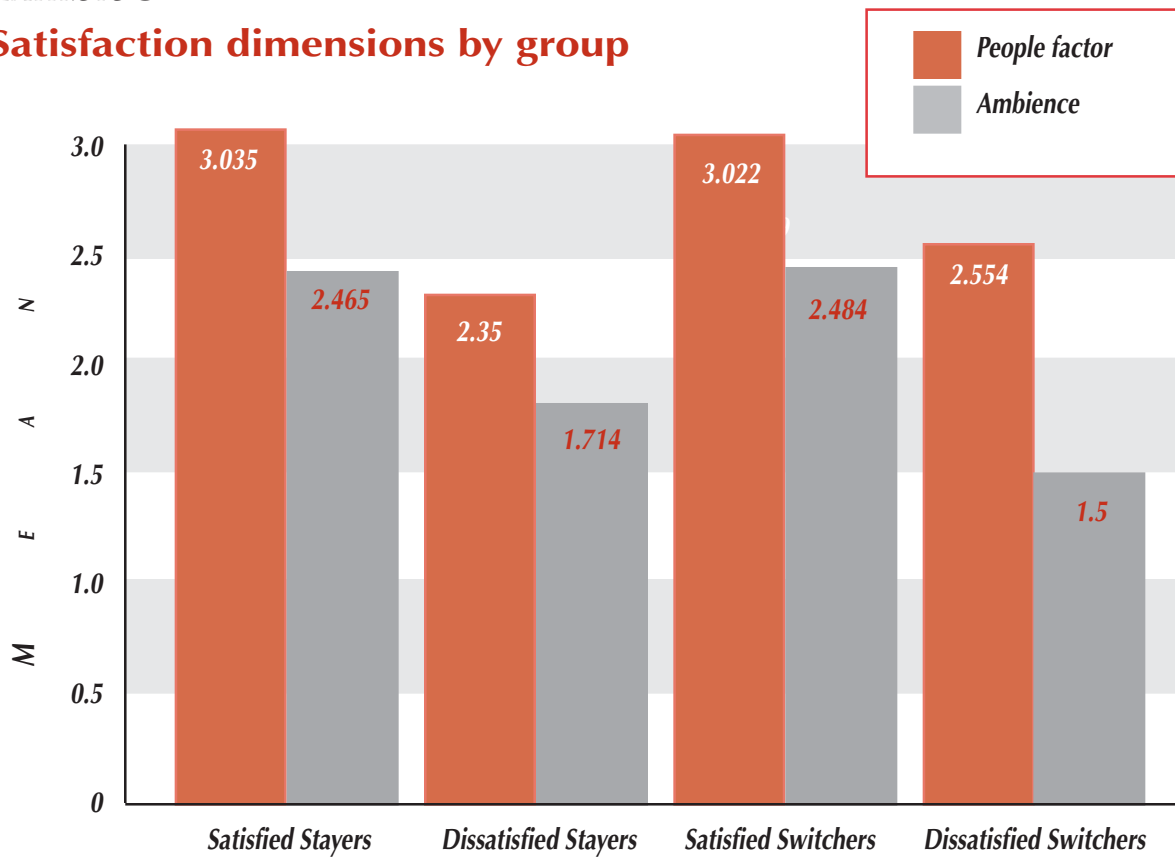
district and are similar in target markets and business mix. Although both hotels are affiliated with major hotel chains, they are managed by the same company. One of the hotels is not openly flagged with the chain name, and the average consumer is likely to perceive it as an independent. Both properties are housed in old buildings that have been converted into hotels, and one of the hotels is listed as a historic hotel. The historic hotel is positioned as a boutique hotel, while the other hotel is a standard, franchised property. The historic hotel has a restaurant and bar within the hotel. The standard hotel does not have its own restaurant, but a national-chain coffeehouse and a well-known full-service restaurant adjoin the property. Room rates range from \$149 to \$259 for the historic hotel and \$109 to \$275

for the other property. Because the hotels are managed by the same company, they are reasonably comparable in terms of management. Our data also indicated that guests perceived the two hotels to be competitive and logical candidates for switching hotels.

A two-page survey was designed to collect information concerning (1) the use of the hotel (i.e., frequent stays, length of relationship, factors considered in making reservation, type of traveler, and, if applicable, competitors used and the reasons for switching), (2) overall satisfaction with the hotel, (3) satisfaction with the individual service and tangible characteristics of the hotel, (4) purchase and ego involvement associated with the decision to stay at the hotel, (5) the level of loyalty toward the hotel, and (6) demographic factors. Copies

Exhibit 3

Satisfaction dimensions by group



of the questionnaire were mailed to 1,000 former guests of the historic hotel and 700 former guests of the standard hotel. These self-administered surveys were accompanied by cover letters on university letterhead explaining the study, disclosing liability, and offering an incentive to encourage response. The incentive consisted of a prize offered by each hotel; the winners of these prizes were determined by a drawing.

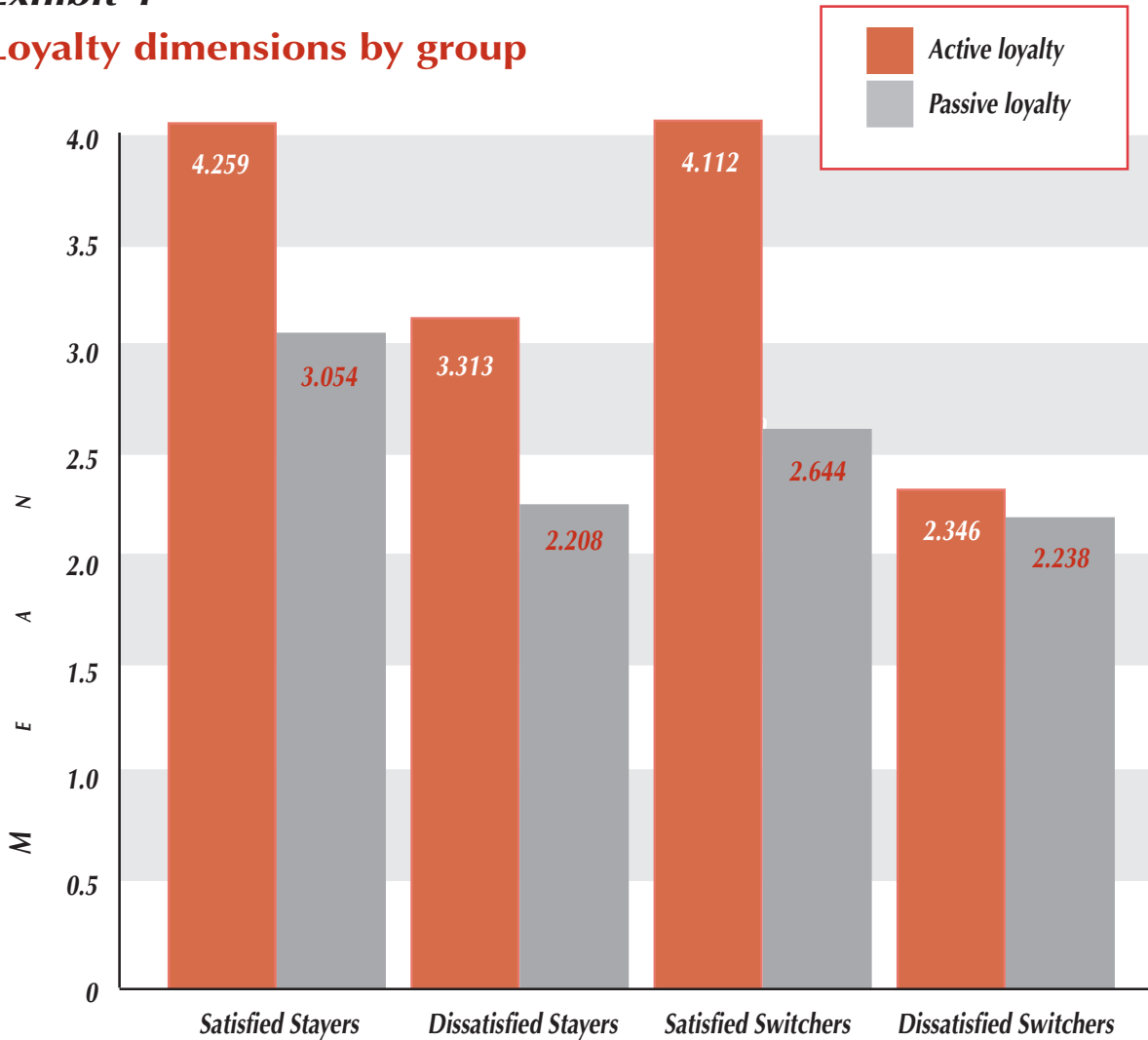
Useable responses were received from 364 guests. Fourteen other surveys were returned incomplete, and 134 questionnaires were returned on account of unknown addresses or names. Consequently, an effective response rate of 24.1 percent was obtained.

Data Analysis and Results

An analysis of the data revealed that the majority of respondents were male (58.2 percent), married (66.9 percent), and well educated (52.8 percent had completed an undergraduate degree). Business travelers constituted 34.1 percent of the respondents, leisure travelers were 46 percent, and travelers identifying the purpose of their trip as both business and leisure made up 19.9 percent. For the most part, the respondents had relatively high incomes, with 89.8 percent reporting earnings in excess of \$50,000 per year. The ages of study participants ranged from 21 to 86, with 50.8 percent indicating they were older than 45. Occupations were diverse, with the most

Exhibit 4

Loyalty dimensions by group



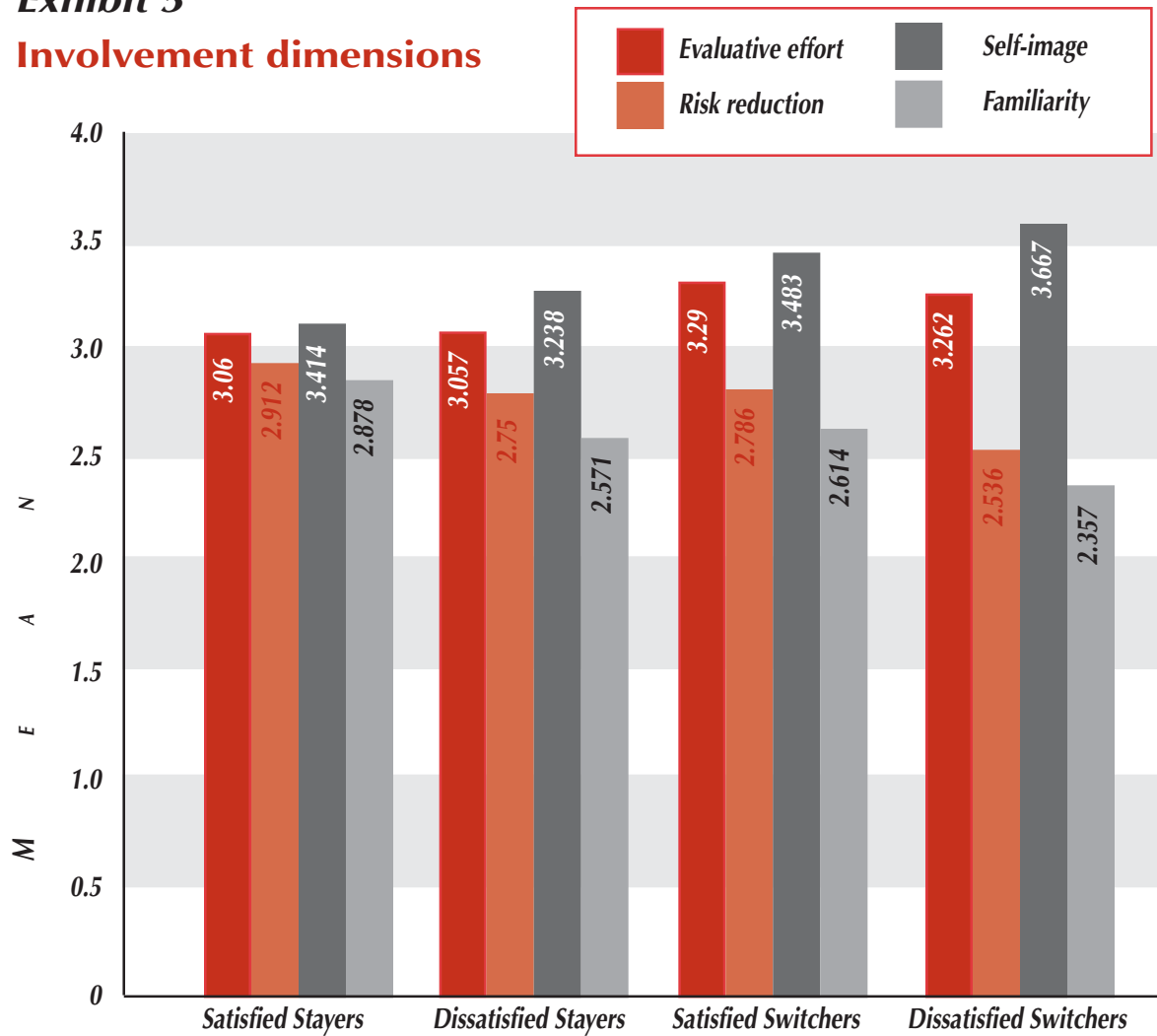
populated job titles consisting of executive (14.3 percent) and marketer (11.4 percent).

The respondents were divided into four categories based on their answers to two questions. One question was whether they routinely stay at the same hotel, and the other asked for their overall level of satisfaction with that hotel. As shown in Exhibit 1 (page 13), the yes-or-no responses to these two questions identified the respondents as part of one of the four groups we discussed earlier: satisfied stayers ($n = 204$), dissatisfied stayers ($n=8$), satisfied switchers ($n = 138$), or

dissatisfied switchers ($n = 14$). Although the two dissatisfied groups are small, we felt it important to retain them in the analysis, because they represent two interesting groups that have been little studied. Because the two dissatisfied groups are so small, the findings of this report regarding these two segments should be considered tentative.

Testing Hypotheses

After testing H_1 with a simple t-test, we tested hypotheses H_2 through H_7 via ANOVA with post-hoc comparisons using the Scheffe

Exhibit 5**Involvement dimensions**

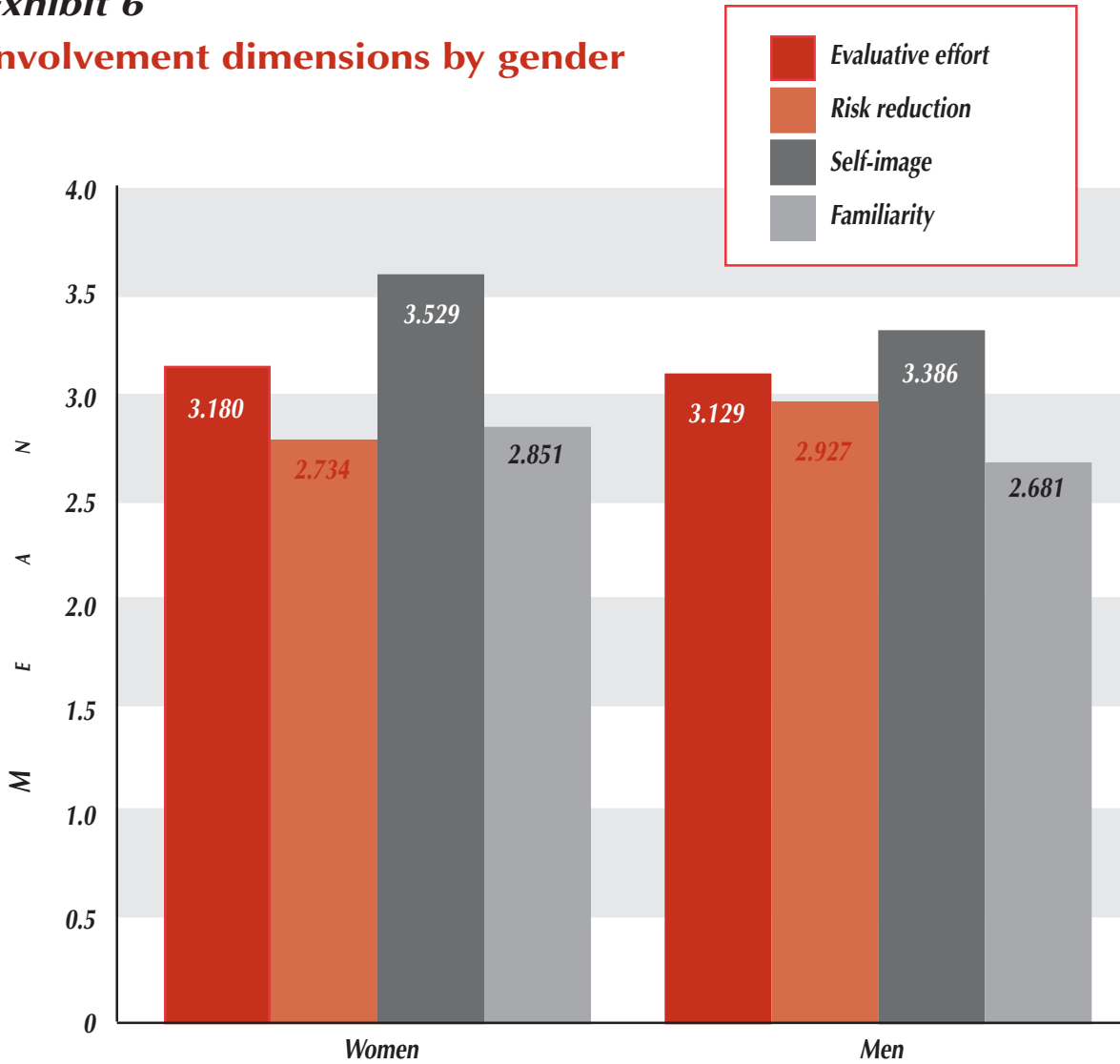
method. Regarding whether satisfied stayers are most satisfied with interpersonal aspects of service (H_1), the t-test results supported this hypothesis (see Exhibit 2, previous page). Satisfied stayers did, in fact, report greater satisfaction with the people factor than with the ambience of the hotel.

H_2 , which predicted that satisfied stayers would be more satisfied with various service dimensions, was only partially supported (see Exhibit 3, previous page). While satisfied stayers reported significantly greater satisfaction on both the people and

ambience dimensions than did dissatisfied stayers and dissatisfied switchers, as hypothesized, there were no significant differences on reported satisfaction levels between satisfied stayers and satisfied switchers.

H_3 , regarding whether satisfied stayers had the greatest loyalty, was largely supported (see Exhibit 4). In this case, satisfied stayers differed significantly from dissatisfied stayers and dissatisfied switchers regarding active loyalty, but they did not differ significantly from the other satisfied group, the satisfied switchers, on active loyalty. Satisfied

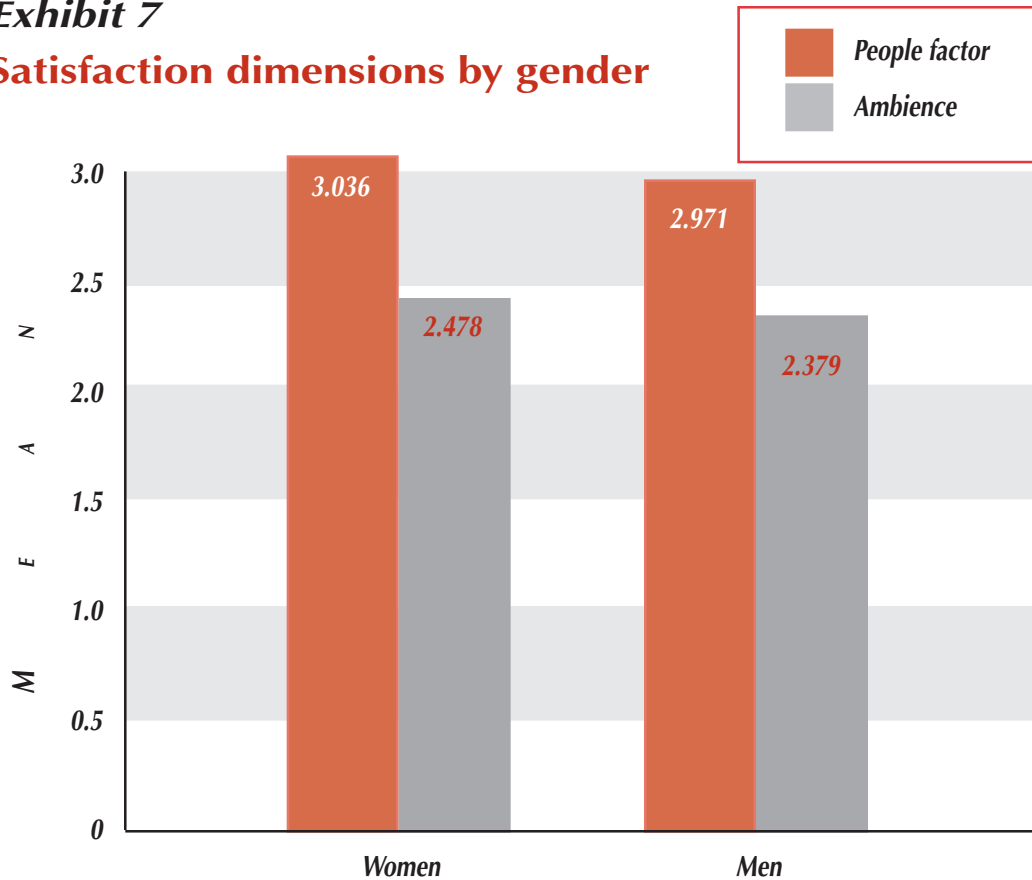
Exhibit 6
Involvement dimensions by gender



stayers reported significantly more passive loyalty than did the other three groups. The loyalty picture for the other groups was mixed. Partial support was found for H_4 , regarding the loyalty of dissatisfied stayers. Contrary to the hypothesis, dissatisfied stayers were significantly different from dissatisfied switchers in terms of active loyalty, albeit not passive loyalty (in keeping with the hypothesis). The same result occurred with H_5 , which dealt with satisfied

switchers' loyalty levels. Contrary to the hypothesis, the active-loyalty levels of satisfied switchers were different from those of dissatisfied switchers, but that was not true of passive loyalty.

We found no differences among any of the four guest segments on the four dimensions of involvement (that is, purchase involvement or ego involvement—see Exhibit 5, previous page). Thus, H_6 , which proposed higher levels of involvement for

Exhibit 7**Satisfaction dimensions by gender**

switchers and dissatisfied people, and H_7 , which posited that satisfied switchers would have low levels of ego involvement, were unsupported. For the most part, there were no differences among the groups.

Hypothesis Testing for Demographic Factors

ANOVA and chi-square tests were used to test the remaining hypotheses (H_8 - H_{19}), which proposed differences in involvement, satisfaction, and loyalty based on demographic differences. We found marginal differences ($p < .10$) between men's and women's involvement with the service purchase on three of the four dimensions, which partially supported H_8 (Exhibit 6). Interestingly, women scored significantly

higher on the self-image and familiarity dimensions, while men scored significantly higher on the need to reduce risk in the purchase decision. As shown in Exhibit 7, the proposition that women would be more satisfied with the interpersonal aspects of service (H_{9a}) was not supported, as there were no differences between men and women regarding their satisfaction with the people factor of the hotel. The results of the test for H_{9b} went in opposite direction of the hypothesis. Women, rather than men, expressed significantly greater satisfaction with the ambience of the hotel, contrary to the hypothesis. The remaining two hypotheses, that women would be more loyal (H_{10}) or would be more likely to be satisfied stayers (H_{11}) found no support from these

Exhibit 8

Loyalty dimensions by gender



Exhibit 9

Guest segment by gender

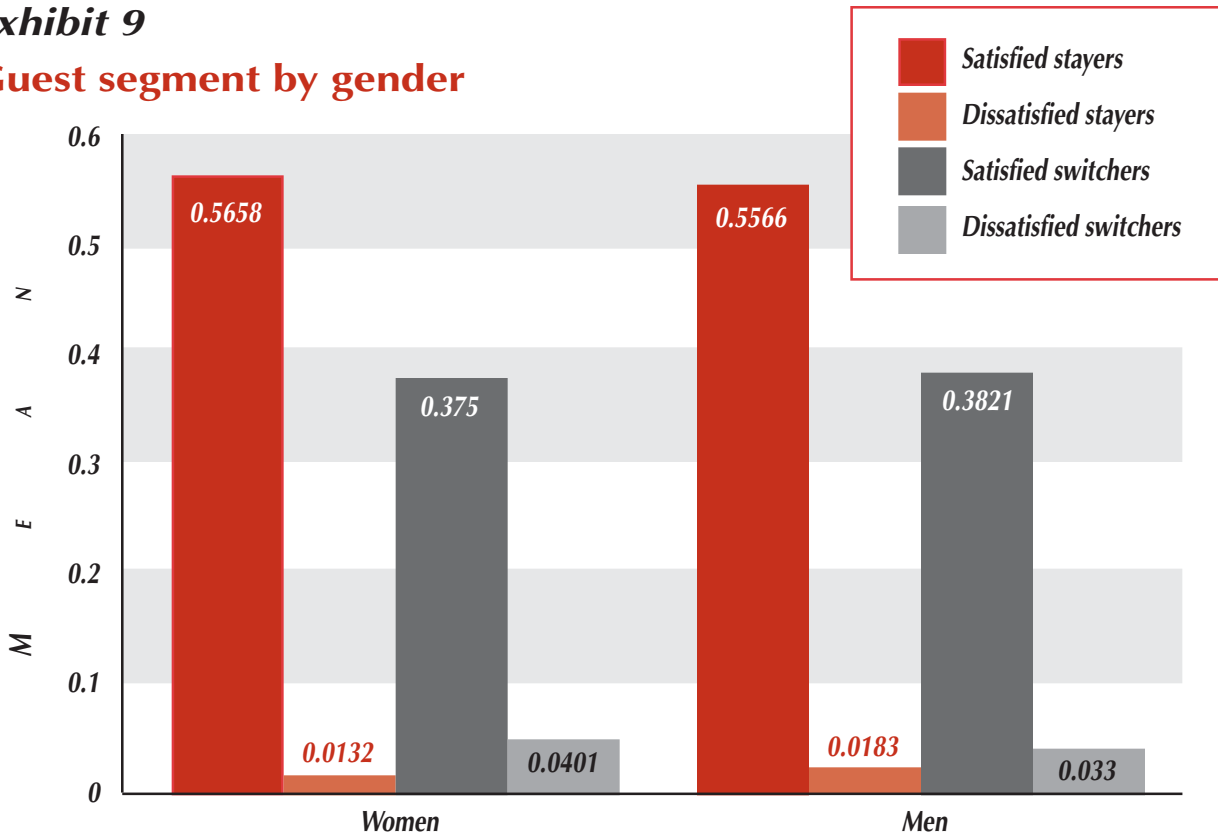
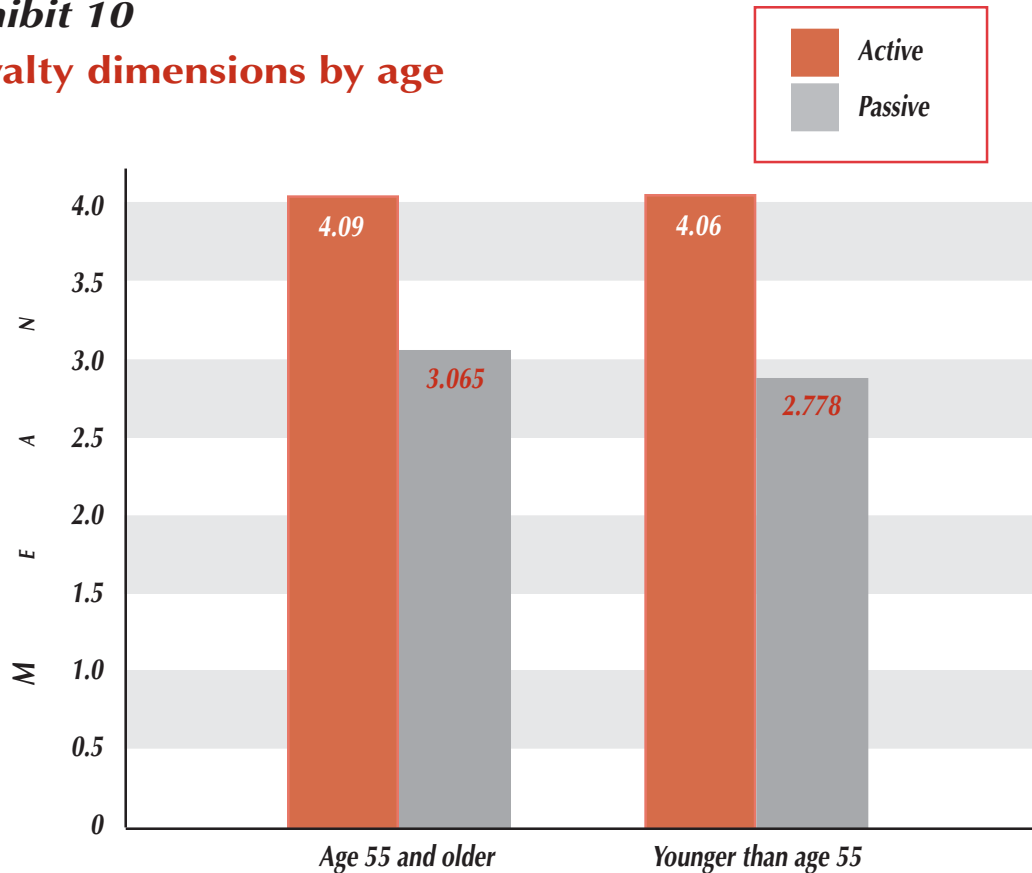


Exhibit 10**Loyalty dimensions by age**

data (Exhibits 8 and 9). There were no significant differences in loyalty between men and women, nor were women found to have a predilection to be satisfied stayers more often than men.

Age. H_{12} was partially supported in that respondents older than 55 were significantly more likely to be passively loyal to the hotel (Exhibit 10), and to be involved in the purchase decision because of familiarity and self-image needs. No other age-related differences were found for any other construct of interest in this study (Exhibits 11 and 12, next page). In keeping with H_{13} , older respondents were more likely to be satisfied stayers than were younger respondents, who were more likely to be satisfied switchers (Exhibit 13, next page).

In general, education level was not an indicator of satisfaction or loyalty (meaning that H_{14a} and H_{14b} were unsupported), and guests with high education did not differ from guests with low education in terms of satisfaction and loyalty. In keeping with H_{14c} , however, guests with high education did report significantly lower levels of involvement on the self-image and familiarity dimensions than guests with low education (Exhibit 14, next page). Contrary to H_{15} , our data indicate that education is not a significant determinant of membership in the four groups that we studied (Exhibit 15, page 24). In particular, those with a high education were not more prevalent in the dissatisfied-switcher group.

(Text continues on page 24)

Exhibit 11

Satisfaction dimensions by age

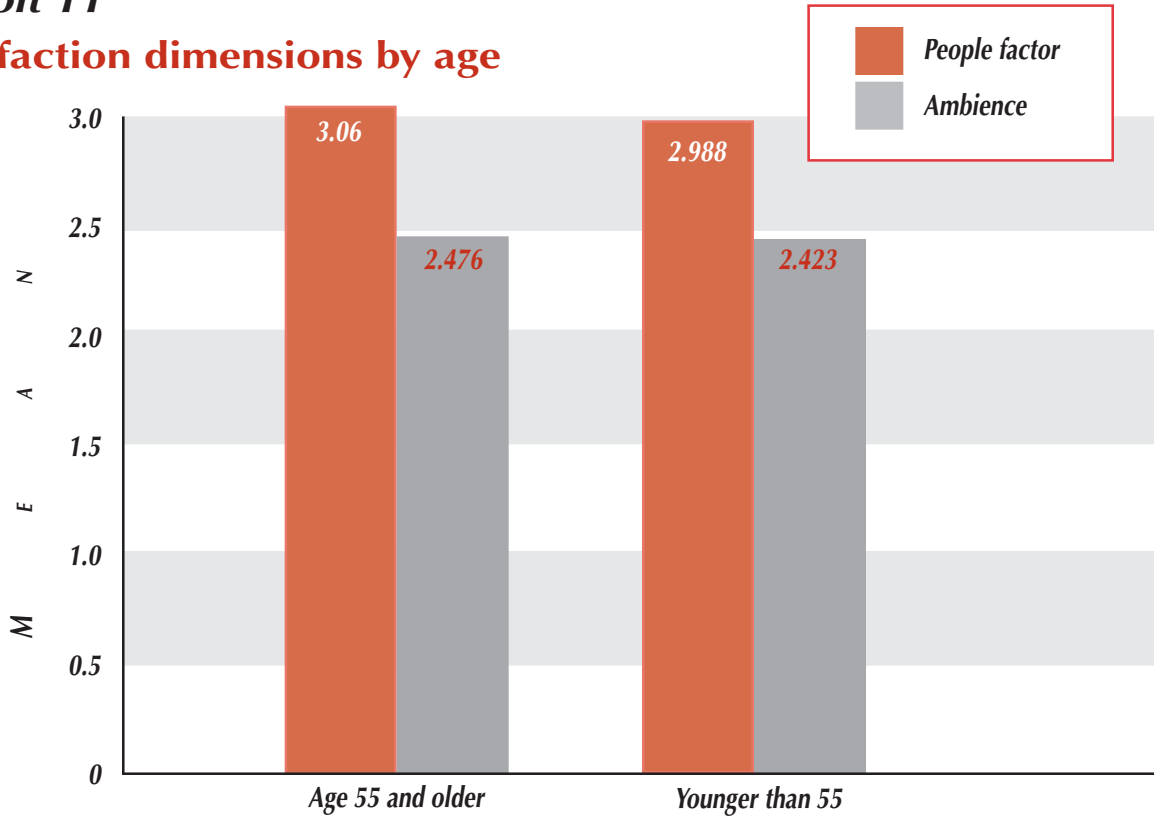


Exhibit 12

Involvement dimensions by age

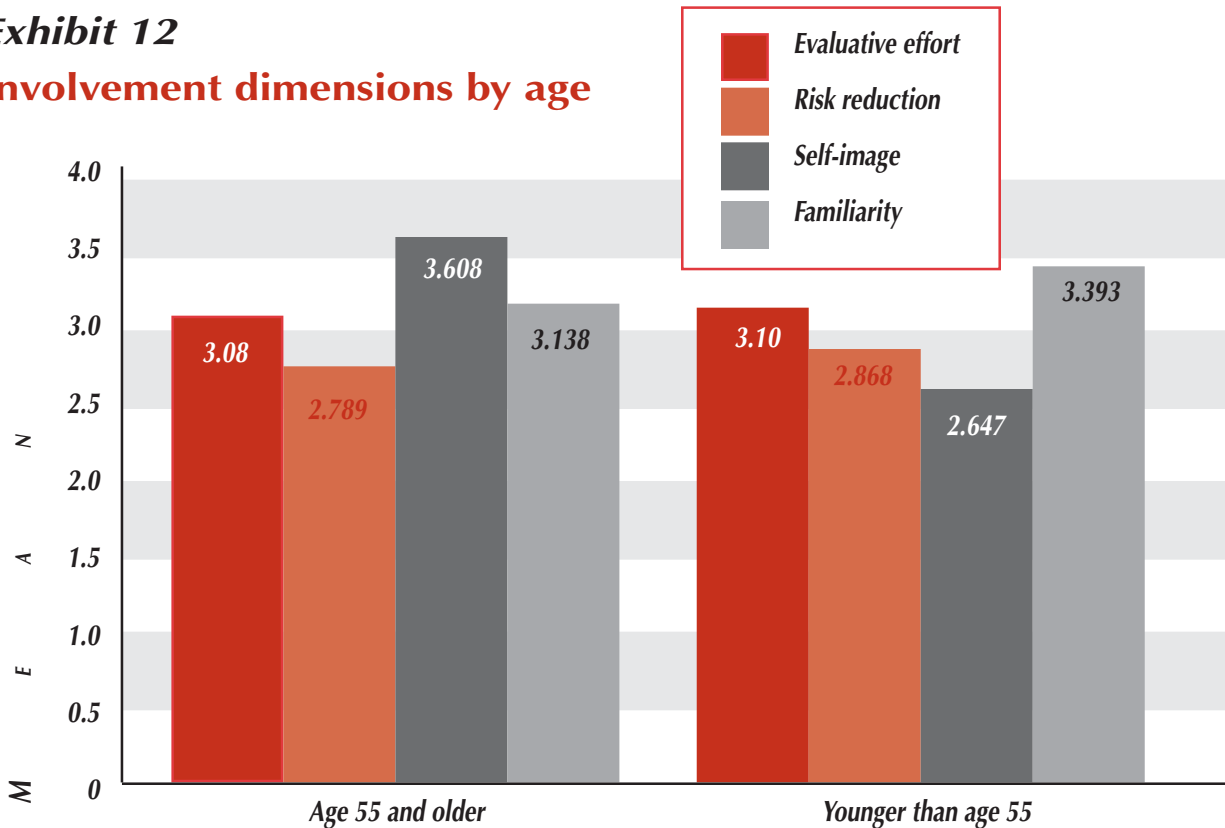


Exhibit 13

Guest segments by age

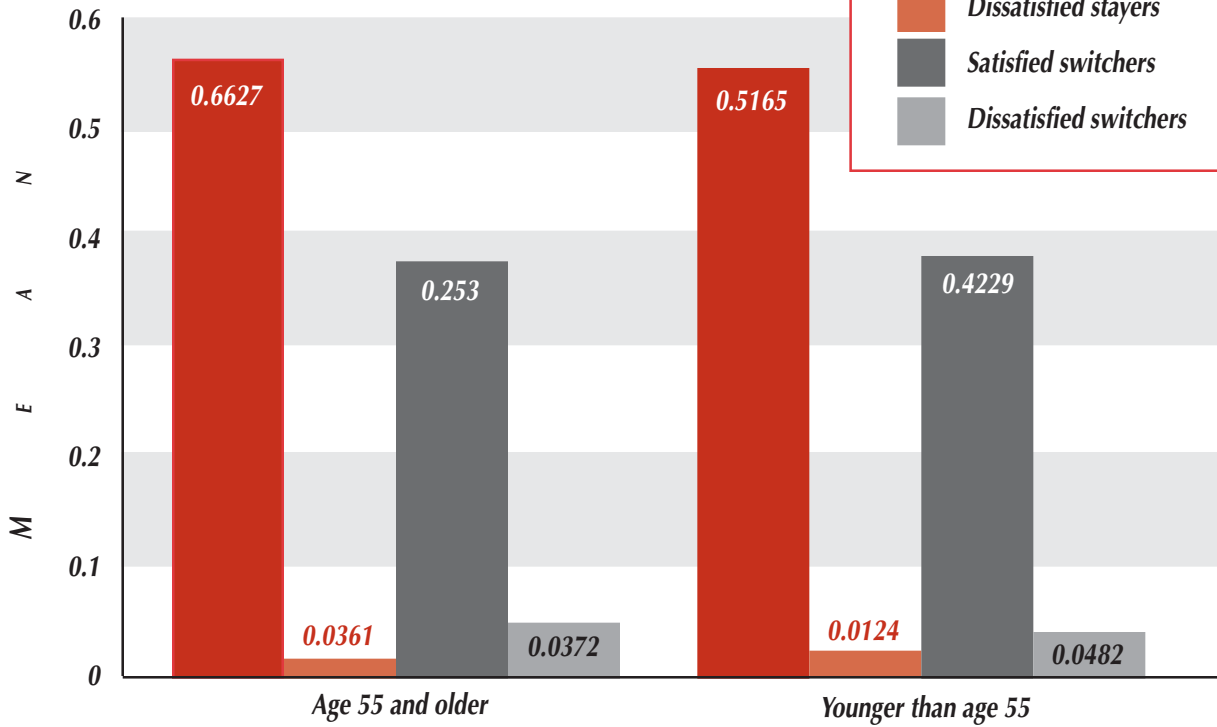


Exhibit 14

Involvement dimensions by education

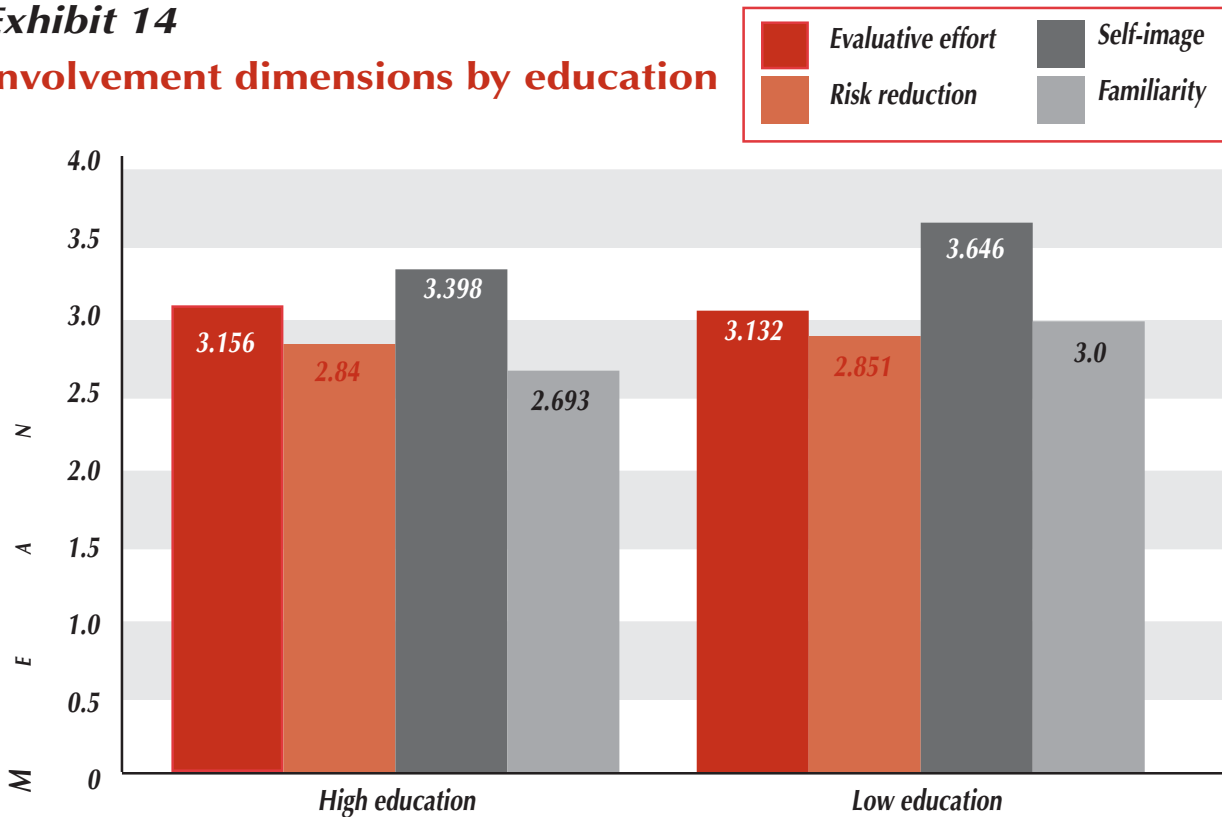
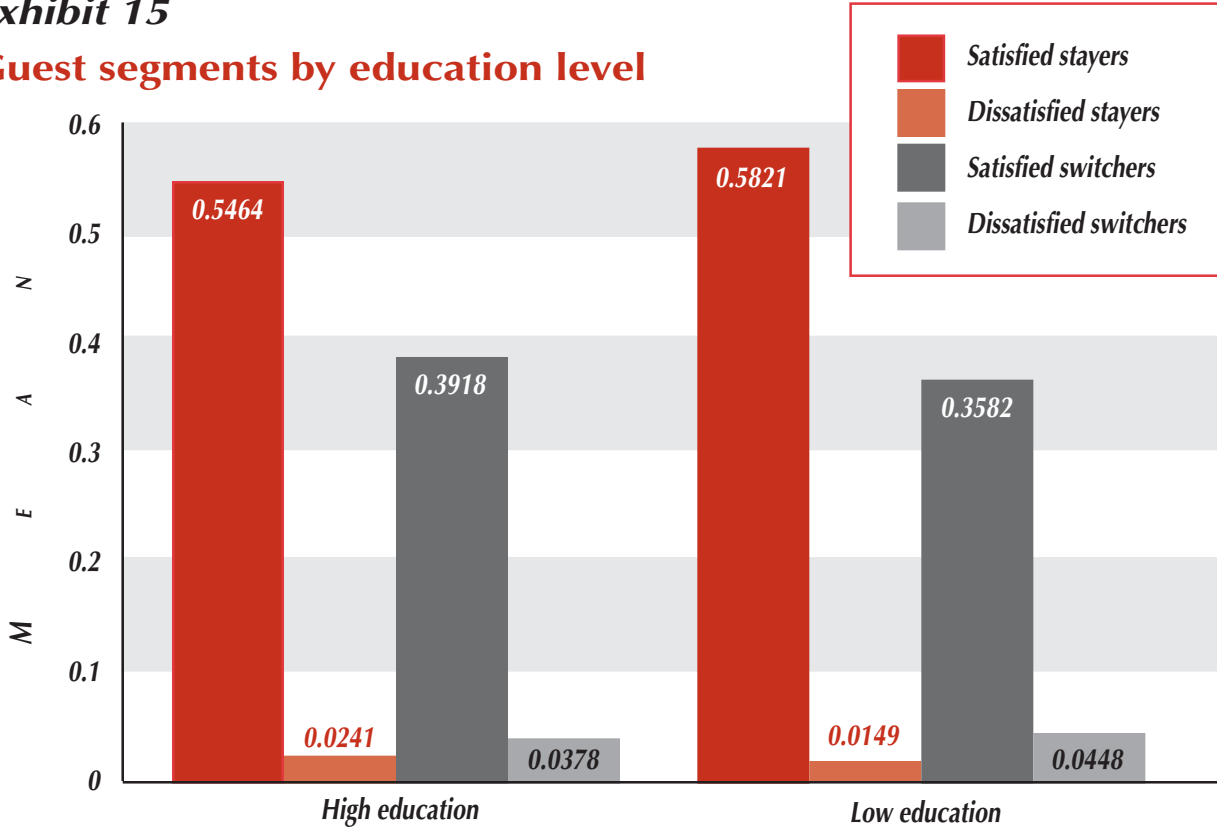


Exhibit 15

Guest segments by education level



Purpose of travel. The data on business travelers’ satisfaction, loyalty, and involvement partially supported H_{16} . Business travelers were less satisfied with hotel ambience (Exhibit 16) and less actively loyal than were leisure travelers or those combining both business and pleasure (Exhibit 17). (Business travelers also reported significantly less involvement on the familiarity dimension than did leisure travelers or those combining business and pleasure.) Furthermore, business travelers were involved in marginally less evaluative effort ($p = .076$) than were travelers combining business and leisure travel. As shown in Exhibit 18 (next page), we found some support for the proposition that business travelers are more likely to be dissatisfied switchers (H_{17}). This hypothesis was partially supported in the sense that business travelers were more likely

than were leisure travelers to be dissatisfied switchers (but not significantly different from those combining business and leisure travel). Interestingly, those traveling for business and leisure combined were more likely to be satisfied switchers than were those traveling on solely on business.

The legendary fickle tendencies of those with high incomes (H_{18a} and H_{18b}) were *not* supported by these data, as differences in income did not affect satisfaction or loyalty. H_{18c} was partially supported because guests with higher incomes reported significantly lower scores on the need to reduce risk than did consumers with lower incomes (Exhibit 19, next page). With regard to the four satisfaction and loyalty groups, H_{19} was not supported. The data showed that income was not a determinant of a particular guest segment.

Exhibit 16

Satisfaction dimensions by travel purpose

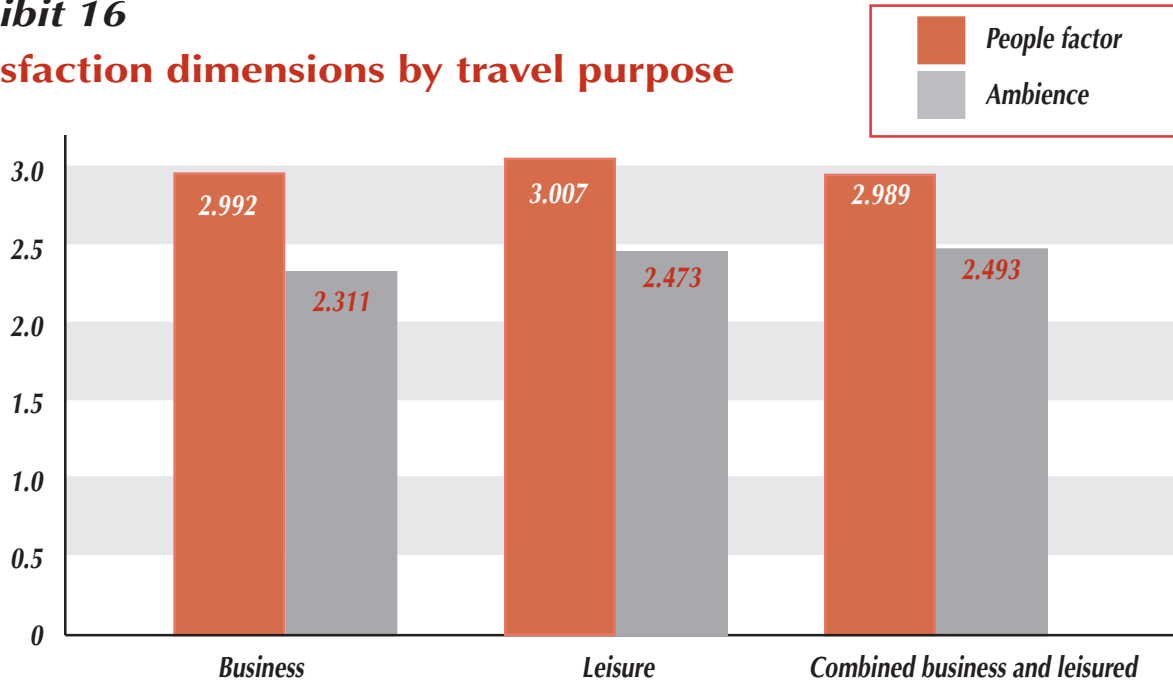


Exhibit 17

Loyalty dimensions by travel purpose

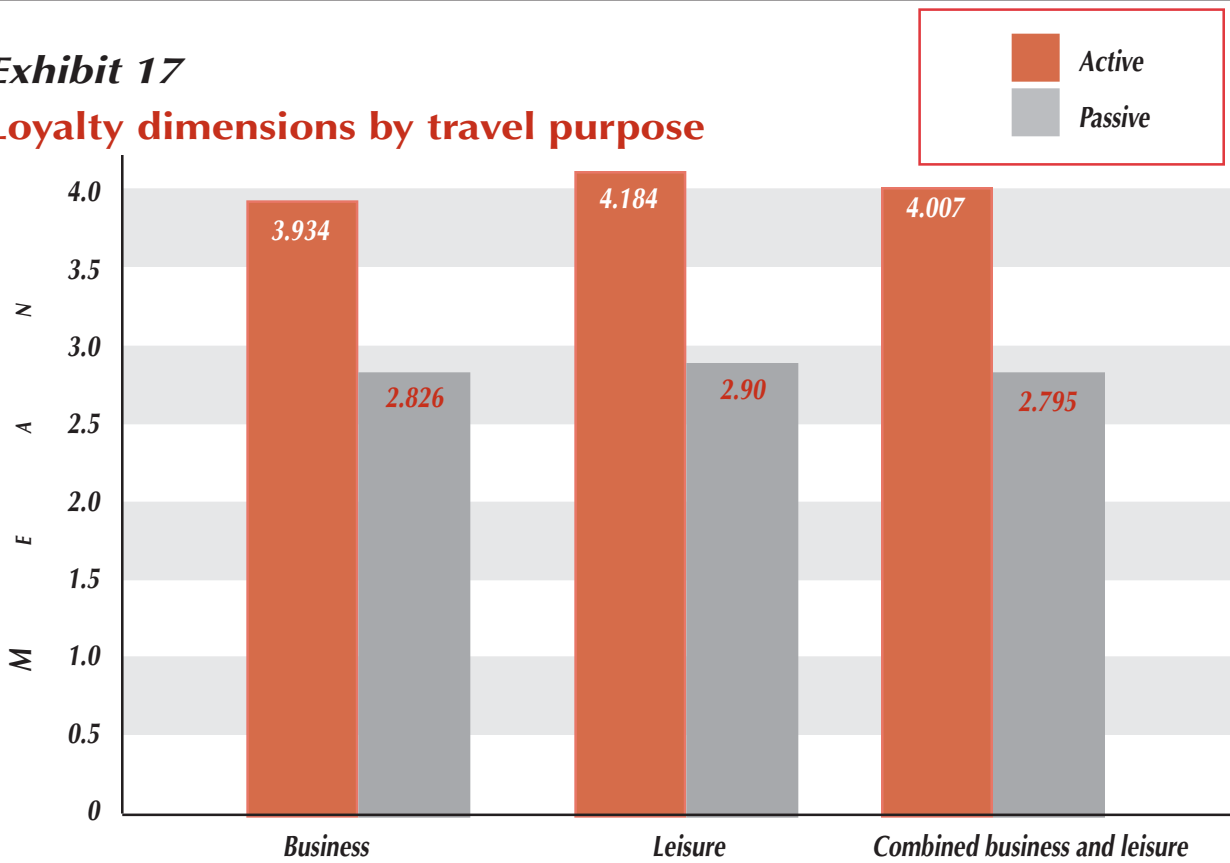
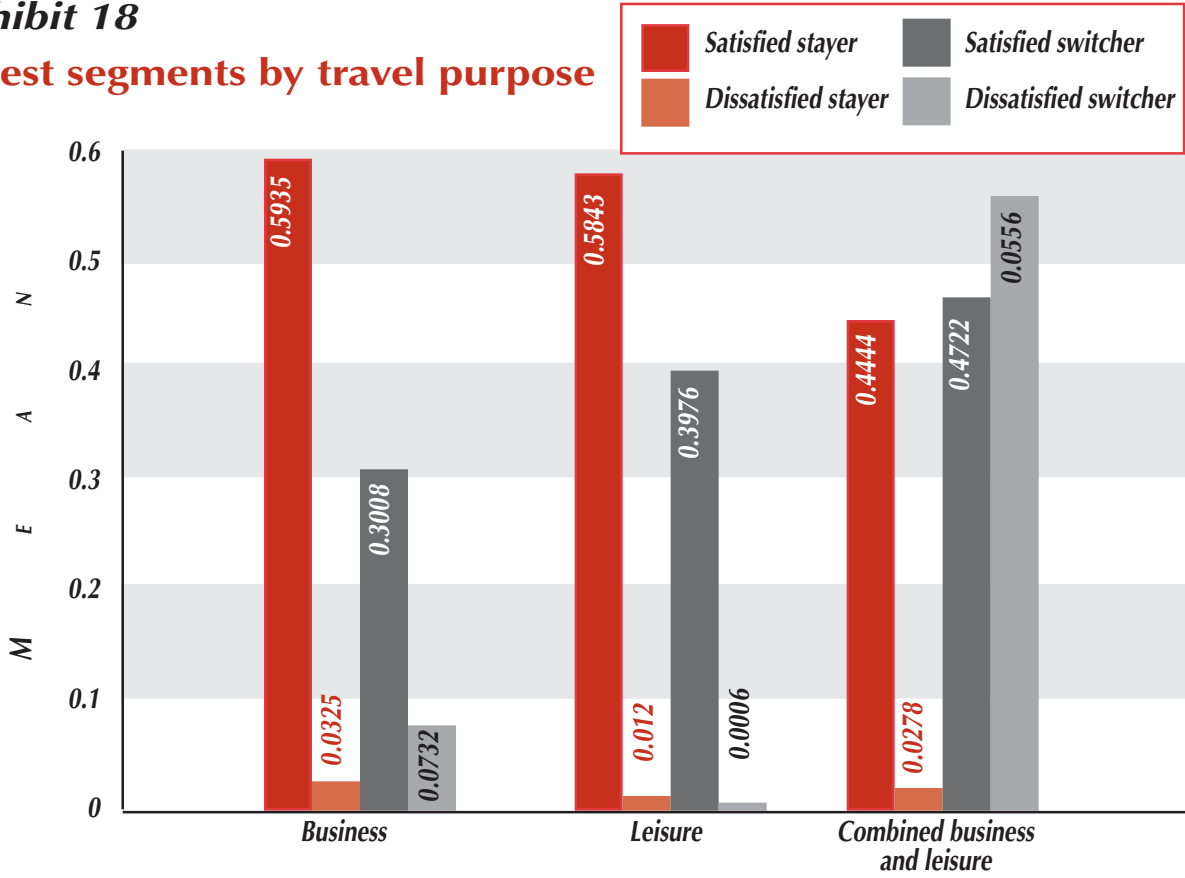


Exhibit 18
Guest segments by travel purpose



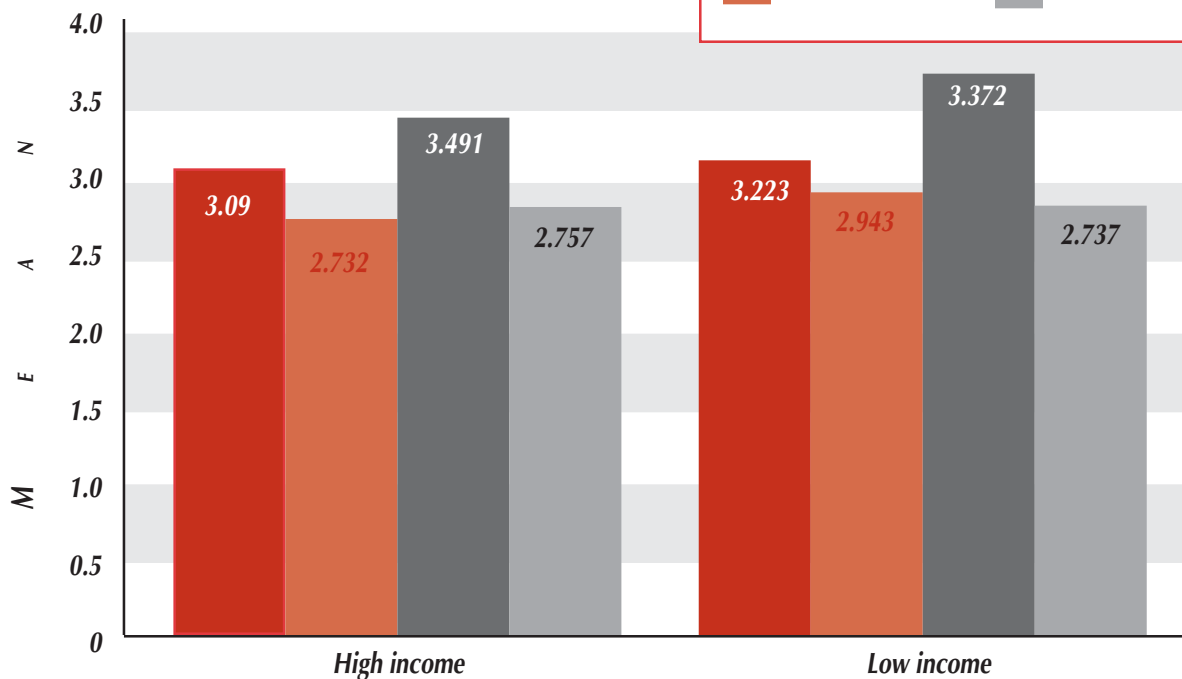
Discussion and Implications

Hotel companies are investing millions of dollars each year on their loyalty programs, but questions remain about the effectiveness of these costly programs. The purpose of this study was to gain greater insight into guests’ actions by examining attitudinal and behavioral differences of hotel guests in terms of switching behavior.

In terms of overall satisfaction, satisfied stayers and satisfied switchers expressed almost identical high levels of satisfaction, while dissatisfied stayers and dissatisfied switchers reported similar low levels of satisfaction. This finding reveals that there are at least four distinct, critical guest segments that lodging managers must recognize and address, as each group’s attitude—in

terms of satisfaction, loyalty, and involvement—have resulted in diverse, and, in some cases, unexpected behavior.

Satisfied switchers emerged as an interesting and alarming phenomenon. This group comprised almost 38 percent of the respondents in our randomly selected pool of guests, so their presence appears to be a important factor. As we said, these guests report satisfaction levels almost identical to those of satisfied stayers. Furthermore, satisfied switchers also are as actively loyal as satisfied stayers are, for example, willingly providing positive word of mouth. The problem is that satisfied switchers are passively disloyal and frequently stay at competitors’ hotels, rather than routinely choosing the hotel with which they have expressed high levels of satisfaction. Indeed,

Exhibit 19**Involvement dimensions by income**

satisfied switchers are not statistically different from dissatisfied switchers on passive-loyalty behavior.

Here is the problem that surfaces in this finding. Although marketers have long adopted the gospel of guest satisfaction as being instrumental in ensuring repeat business, satisfaction does not appear to have a substantive and sweeping effect on the loyalty of all guests. For satisfied switchers in particular, satisfaction has no effect on what one might consider to be the key point of loyalty—repeated purchases. Hoteliers must determine whether these guests' switching behavior can be prevented, and whether the cost of doing so will be exceeded by the benefits. If this behavior cannot be changed, hoteliers may want to reassess the way they target loyalty campaigns.

Dissatisfied stayers were also an intriguing segment. Although passively and actively disloyal, as well as unhappy with the elements of the hotel in general, dissatisfied stayers did not differ significantly from satisfied stayers in terms of involvement. Thus, this group is unhappy with the hotel at which they stayed, but its members are currently unwilling or unable to exert the effort to identify and patronize other hotels. Using the theoretical underpinnings of this study, it can be assumed that the dissatisfied stayers' experiences with the hotel have resulted in negative disconfirmation based on the comparison levels of prior experiences. Consequently, current attitudes and behavior are inconsistent. Two possible outcomes of this behavior present themselves. First, according to the theory of

Customer Loyalty: Switchers and Stayers

reasoned action, there must be a link between attitudes and behavior.⁶¹ This theory implies that dissatisfied stayers will seek consistency between attitudes and behavior and eventually switch to another property. On the other hand, dissatisfied stayers may perceive the costs of switching to another hotel to be higher than the benefits that will be obtained and will therefore remain with the original hotel even though they are dissatisfied.⁶² The longer they are held in this situation, though, the greater their disgruntlement may become, resulting in such undesirable actions as negative word of mouth.

Satisfied stayers and dissatisfied switchers generally behaved as hypothesized. Dissatisfied switchers reported lower levels of satisfaction and loyalty than did members

For satisfied switchers in particular, satisfaction has no effect on what one might consider to be the key point of loyalty—repeated purchases.

of the other groups, although they did not have the expected higher levels of involvement. Satisfied stayers were more satisfied with the hotel's people factor than with its physical elements. This finding underscores the value of human resources in the lodging industry and substantiates prior studies that have argued for the importance of the people factor in services.⁶³ Satisfied stayers were more loyal than the other groups, but not more or less psychologically involved in

the selection of the hotel. The loyalty of satisfied stayers can potentially be explained by this group's more limited experience with competitive offerings, which may increase perceived switching costs, and in turn, enhance the loyalty of this group.⁶⁴ It is important to note, however, that neither the satisfaction levels nor loyalty levels of the satisfied stayers were extraordinarily high in this study. Indeed, satisfaction with the people factor and passive loyalty (which involves an intention to be a loyal guest) each averaged a score of only 3 out of 5. This finding should be a warning to hotel managers with similar results, since Jones and Sasser found that only respondents who reported the highest levels of satisfaction with a service were loyal over the long term.⁶⁵

Examining demographic differences was enlightening. Male and female respondents gave different reasons for their involvement in the purchase decision. Women sought the hotel for self-image and familiarity needs, while men wanted to reduce their risk by purchasing a known hotel. As was the case with women, aged guests selected the hotel for familiarity and self-image needs and were more likely to be satisfied stayers. As previously noted, young respondents were likely to be satisfied switchers. Hence, the respondents in this study reported equivalent levels of satisfaction with the hotel regardless of age, but had different switching behavior. Bryant and Cha reported that age has the largest effect on consumer satisfaction,⁶⁶ but our study indicates that age has the largest effect on guest loyalty.

The educational level of our respondents did not affect satisfaction or loyalty. These findings contradict those of Bryant

⁶¹ Martin Fishbein, "Attitudes and the Prediction of Behavior," in *Readings in Attitude Theory and Measurement*, ed. Martin Fishbein (New York: John Wiley, 1967), pp. 477-492.

⁶² Terence Oliva, Richard L. Oliver, and Ian MacMillan, "A Catastrophe Model for Developing Service-satisfaction Strategies," *Journal of Marketing*, Vol. 56, July 1992, pp. 83-95.

⁶³ Parasuraman *et al.*, pp. 41-50; pp. 12-37; and pp. 111-124.

⁶⁴ Dick and Basu, pp. 99-113.

⁶⁵ Thomas Jones and Earl W. Sasser, Jr., "Why Satisfied Customers Defect," *Harvard Business Review*, Vol. 73, November-December 1995, pp. 88-99.

⁶⁶ Bryant and Cha, pp. 20-28.

and Cha,⁶⁷ who found education and income to be inversely related to satisfaction. Guests in our study with lower levels of education were found to be more likely to select the hotel for self-image and familiarity needs. Our results lend some support to Francken and van Raay's conclusion that educated consumers might not feel the need to rely on a hotel to meet image and recognition needs.⁶⁸ Finally, income, which often goes hand in hand with education, played an inverse role in involvement in the hotel purchase decision as a means of reducing purchase risk, but no other effects of income were found.

Examination of travel purpose provided interesting insights. Though business travelers are one of the most sought-after lodging segments, this study found that business travelers were the least satisfied,

least loyal, and least involved of the guest segments. Additionally, travelers on combined business and leisure trips were found to be the most difficult to predict, as they were most likely to be switchers whether satisfied or dissatisfied. Thus, it might behoove those in the lodging industry to reconsider extensive efforts to attract those guests who, on average, are going to be extremely difficult to please and the least likely to return.

Overall, this study sheds additional light on the guest segments that likely exist for every lodging establishment. Hotel managers can now use this information to better define those groups in which they want to develop strategic investments and from which they are most likely to obtain the greatest long-term value. Further, these findings suggest that hotel companies should reexamine the target markets for their customer retention programs to derive greater impact on customer loyalty, and subsequently profitability. ■

⁶⁷ *Ibid.*

⁶⁸ *Ibid.*

About the Authors



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Summary of Hypotheses and Findings

H1: Satisfied stayers will report greater satisfaction with interpersonal aspects of the service than with other dimensions of satisfaction.	Supported
H2: Satisfied stayers will report greater satisfaction with the various dimensions of the service than the other three groups of customers.	Partly supported
H3: Satisfied stayers will report greater loyalty to the service than will the other three groups of customers.	Largely supported
H4: Dissatisfied stayers will report loyalty levels not statistically different from dissatisfied switchers.	Partly supported
H5: Satisfied switchers will report loyalty levels not statistically different from dissatisfied switchers.	Partly supported
H6: Dissatisfied stayers, dissatisfied switchers, and satisfied switchers will exhibit higher levels of purchase involvement (evaluative effort and need for risk reduction) than will satisfied stayers.	Not supported
H7: Compared with satisfied stayers, dissatisfied stayers, dissatisfied switchers, and satisfied switchers will exhibit lower levels of ego involvement (need for familiarity and self-image).	Not supported
H8: Women will be more involved with the purchase of a hotel room than are men.	Not supported
H9: Women will be (a) more satisfied than men with the people factor of the hotel service, but (b) less satisfied with the ambience of the hotel.	Not supported
H10: Women will exhibit higher customer loyalty than men.	Not supported
H11: Women are more likely to be satisfied stayers than men.	Not supported
H12: People over 55 are more likely to exhibit higher levels of (a) satisfaction, (b) loyalty, and (c) involvement (than those under 55).	Partially supported
H13: People over 55 are more likely to be satisfied stayers (than those under 55).	Not supported
H14: Consumers with higher education are more likely to exhibit lower levels of (a) satisfaction, (b) loyalty, and (c) involvement than consumers with lower levels of education.	(a) and (b) not supported (c) supported
H15: Consumers with higher education are more likely to be dissatisfied switchers than those consumers with lower levels of formal education.	Not supported
H16: Business travelers are more likely to exhibit lower levels of (a) satisfaction, (b) loyalty, and (c) involvement than either leisure travelers or those who combine business and leisure travel.	Partially supported
H17: Business travelers are more likely to be dissatisfied switchers than either leisure travelers or those who combine business and leisure travel.	Partially supported
H18: Consumers with high incomes are more likely to exhibit lower levels of (a) satisfaction, (b) loyalty, and (c) involvement than consumers with low levels of income.	(a) and (b) not supported (c) partially supported
H19: Consumers with high incomes are more likely to be dissatisfied switchers than consumers with low levels of income.	Not supported

Appendix

Scale items

Overall Satisfaction

X1. Overall, how satisfied are you with the hotel?

Satisfaction

This section pertains to how satisfied/dissatisfied you are with the various aspects of the hotel.

- X2. The friendliness of the hotel employees
- X3. How well the staff and managers know me
- X4. How well the hotel listens to my needs
- X5. The convenience and service of the reservation system*
- X6. The timeliness of the hotel staff in dealing with me as a guest in busy times*
- X7. The room rate
- X8. The price of other services (i.e. room-service, dry-cleaning)
- X9. The location of the hotel to other businesses or attractions
- X10. How easily accessible the hotel is from airports and major highways
- X11. The ambience in the hotel (interior design and decor)*
- X12. The amenities offered in the guest room
- X13. The amenities offered in other parts of the hotel
- X14. The quality of service offered by the hotel

Loyalty

Please indicate how strongly you agree or disagree with each of the statements presented below.

- X15. I consider myself to be a loyal guest of the hotel.**
- X16. If the hotel were to raise the price of my stay, I would still continue to be a guest of the hotel.
- X17. If a competing hotel were to offer a better rate or discount on their services I would switch. (R)
- X18. In the near future, I intend to use this hotel more often.**
- X19. As long as I travel to this area, I do not foresee myself switching to a different hotel.
- X20. I would highly recommend the hotel to my friends and family.
- X21. I am likely to make negative comments about the hotel to my friends and family. (R)

Involvement

Please indicate how strongly you agree or disagree with each of the statements presented below.

- X22. The relationship that I share with the [hotel name] is something that is very important to me.**
- X23. The relationship that I share with the [hotel name] is something that deserves my maximum effort to maintain.**
- X24. I am very cautious in trying new/different products.**
- X25. I would rather stick with a brand that I know than try something that I am not very sure of.**
- X26. I enjoy taking chances in buying unfamiliar brands just to get some variety in my purchases.** (R)
- X27. I constantly compare the prices and rates offered by various hotels in the area.
- X28. The brand image of the hotel played a major role in my decision to become a guest at the hotel.
- X29. I called various other hotels in the area before I decided to stay at this hotel.
- X30. I compared the prices and rates of several hotels in this area before I selected this hotel.
- X31. The frequent guest program influences my choice in hotels.*
- X32. Choosing a hotel is an important decision for me.**
- X33. All hotels are alike in the type and quality of services they offer.** (R)
- X34. The hotel I stay at says a lot about who I am.
- X35. It is important for me to choose a hotel that “feels” right.
- X36. After deciding on the [hotel name], I have compared this hotel with other hotels in the area.
- X37. After deciding on the [hotel name], I have weighed the pros and cons of my choice.
- X38. A bad choice in selecting a hotel could bring you grief.**

*Item added to scale

**Item originally appeared on Ganesh, Arnold, and Reynolds questionnaire, but was not used in their study. See: Jaishankar Ganesh, Mark J. Arnold, and Kristy E. Reynolds, “Understanding the Customer Base of Service Providers: An Examination of the Differences Between Switchers and Stayers,” *Journal of Marketing*, Vol. 64, July 2000, pp. 65–87.

(R) Item reverse scored

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