



International Journal of Humanities & Social Science Studies (IJHSSS)
A Peer-Reviewed Bi-monthly Bi-lingual Research Journal
ISSN: 2349-6959 (Online), ISSN: 2349-6711 (Print)
Volume-II, Issue-V, March 2016, Page No. 287-310
Published by Scholar Publications, Karimganj, Assam, India, 788711
Website: <http://www.ijhsss.com>

The Correlation Study on Customer's Perspective for Malaysia Hotel

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Abstract

The purpose of the study was to examine the customer equity theory with relating the marketing drivers to the customer loyalty among the hotels in Kuala Lumpur, Malaysia. The study was guided by 3 objectives: 1.) to determine the relationship between marketing drivers related to customer equity and customer loyalty. 2) to determine the profiles to customers according to the antecedents and behavioral outcomes of customer loyalty, and 3) to determine the association between the customer loyalty and the customer demographic profiles. The quantitative method and data was collected through self-administered questionnaires. Paired samples t-test, regression analysis, multiple variances of analysis, one way of variance analysis and important-performance analysis (IPA) were applied in the data analysis. The findings of empirical tests supported the conclusion that fundamental and marketing strategies related to customer equity theory increased attitudinal and behavioral loyalty. There was no linear relationship on the proportion of stay from the fundamental marketing strategy.

Introduction: Over the past thirty years, the development of information technology and a knowledge economy have made customer loyalty in the hotel industry a central issue for marketing scholars. By efficiently handling customer profiles through customer equity management, companies could maximize the lifetime value of each customer as one of their assets (Hogan, Lemon, & Rust, 2002). Numerous scholars have used a variety of formulas to prove the value of customers' lifetime patronage to a company (Blattberg, Getz, & Thomas, 2001). What seems to be lacking in customer equity theory, however, is an understanding of the strategies that cause customers to return to a business, a phenomenon known as customer loyalty, and which allows companies to maximize profits through repeat business (Rust, Lemon, & Narayandas, 2005).

Customer loyalty is a most critical variable in the hospitality industry's marketing strategies. Many scholars in the hospitality industry have endeavored to develop a valid measure of customer loyalty. Without strong theoretical support, some studies of customer loyalty have used many operational antecedents or weak mediators such as customer value and customer satisfaction to measure customer loyalty indirectly. In order to find the underlying structure of the consumer buying behavior, some scholars have both failed to demonstrate the complexity construct of the customer loyalty and to arrive at a marketing approach to increase customer loyalty.

Although most hospitality industries use frequent visitor programs, membership credit cards, or reward points to increase customer retention with a profit-based exchange or non-money privileges,

these loyalty programs were easy for competitors to copy. In fact, many airline companies faced intense competition in loyalty programs, which led many of them to the edge of bankruptcy (Duffy, 1998b).

Also, the hotels did not use customers' portfolios to increase the partnerships of buyers and sellers (Beverly, 1993; Luck & Lancaster, 2003). The customer profiles in the hotel industry used information technology to develop the customer relationship systems and enhance the service relationships between the guests and sellers (Dowling & Uncles, 1997). The customer profiles in the hotel were reserved as the data system without enabling knowledge power to increase customer loyalty. The hotel industry too often ignores the voices of customers and fails to understand the nature of customer loyalty (Dube & Renaghan, 2000; Oh, 2002; Tideswell & Fredline, 2004). Due to the lack of precise measurements of customer loyalty, the most common measures of customer loyalty in the hotel industry are little more than counting the frequency of visits to a property (Morals, Dorsal, & Backman, 2004; Oh, 2002).

Customer equity theory was developed to maximize the customer lifetime value which identified the three categories of marketing drivers (value, brand and relationship equity) to attract behavioral outcomes of repurchasing on the same product or service, affecting the other customer purchasing, or creating common benefits for providers and consumers (Rust et al., 2005; Rust, Lemon, & Zeithaml, 2004). Customer equity theory demonstrated the financial return resulting from customer loyalty due to the marketing drivers or tactics (Rust, Zeithaml, & Lemon, 2000). Does the assumption of customer equity theory, e.g., marketing drivers proposed by customer equity theory affect on customer return, substantially apply to the hotel industry?

Hotel marketers did not understand which marketing strategies attracted loyal customers (Morals et al., 2004). This might lead one to realize that little was known as to how customer loyalty existed in the hotel industry except in repurchase activity leading to profit exchange generated reward and entice additional future purchase due to increase value (Iwasaki & Havitz, 1998; Morales et al., 2004; Pritchard, Havitz, & Howard, 1999). Some hotel marketers still believe that convenient locations, frequent user programs or inexpensive rates could increase customer loyalty (Dowling & Uncles, 1997). Customer loyalty was crucial to the hotel industry, because the most significant segments of the market were mature and competition was strong (Kumar & Shah, 2004).

Could low room rates or convenient location increase customer commitment or generate positive recommendations? What could the customer equity theory imply for the hotel industry? Could the marketing drivers relating to customer equity positively impact on direct or indirect equity (computing the benefits of the potential life time values earned by the company) due to customer loyalty? How do the managers determine customer profiles in terms of the antecedents and behavioral outcomes of customer loyalty? This study would develop a conceptual model to determine the relationship between marketing drivers related to customer equity theory and customer loyalty in the hotel industry.

The purpose of the study was to validate customer equity theory by relating the marketing drivers to the generation of true customer loyalty among the patrons of a five-star hotel in Kuala Lumpur, Malaysia.

Literature Review: Loyalty marketing has become the focal point for research and operation in the hotel industry (Shoemaker & Lewis, 1999). Loyalty programs involve customized recognition, emotional commitment, frequent rewards and following messages as well as discounts, reward points,

and free stays or meals (Shoemaker & Lewis, 1999). In other words, hotel marketers created loyalty merchandising through products and services, in the hope of persuading customers to repurchase a product, take advantage of a service, and participate in the frequent user program (Bowen & Shoemaker, 1998). Scholars claimed loyalty programs, sometimes referred to as frequent program, combined with add-on programs could increase emotional commitment (Shoemaker & Lewis, 1999). Many scholars in the hotel industry now use the term *loyalty program* instead of *frequent program*.

Loyalty Program and Profits: Barsky and Nash (2002) reported that customers with key emotions such as comfortable, secure, elegant, welcome, and relaxed depending on market segment, paid on average \$13 more than what they had paid on their most recent Hotel stay. This room rate compared to an average of \$3.43 for guests who did not experience key emotions (Barsky & Nash, 2002). The higher the switching cost, the stronger the customer's preference for the same service supplier or service brand (Barsky & Nash, 2002). In a survey of American Express Platinum card members, who took at least six business trips to luxury hotels per year, loyal customers were found to be less likely to ask about price when making a reservation (Bowen & Shoemaker, 1998). A 5% increase in customer retention resulted in a 25-125% increase in profits in nine service industry classifications (Riechheld & Sasser, 1990). Further, one scholar believes that there are four benefits of customer loyalty (Riechheld, 1996):

- The costs of serving loyal customers are lower
- Loyal customers are less price-sensitive
- Loyal customers spend more time with the company
- Loyal customer pass on positive recommendation about their favorite brands or suppliers

Customer Equity: Customer equity is defined in terms of optimal balance between customer acquisition and customer retention (Blattberg & Deighton, 1996). Blattberg and Deighton (1996) offered eight guidelines for maximizing customer equity:

1. Invest in high-value customers first.
2. Transform product management into customer management.
3. Consider how add-on sales and cross-selling can increase customer equity.
4. Look for ways to reduce acquisition costs.
5. Track customer equity gains and losses against marketing programs.
6. Relate branding to customer equity.
7. Monitor the intrinsic retain ability of your customers
8. Consider writing separate marketing plans—or even building two marketing organizations—for acquisition and retention efforts.

Customer equity is the discounted lifetime values of a firm's customer base, which is made up of three components and key marketing strategy (Rust et al., 2004; Rust et al., 2000). According to the customer equity theory, the three marketing equity are (Rust et al., 2005):

- **Value equity:** Customers' objective assessment of the utility of a brand, based on what is given up is traded by what is received. Three marketing drivers of value equity are quality, price, and convenience.
- **Brand equity:** Customers' subjective and intangible judgments of the brand, above and beyond its objective value. Three marketing drivers of equity are customer brand awareness, customer brand attitude affection, and customer perception of brand ethics.
- **Relationship equity:** Customers' tendency to stick with a brand, above or beyond objective

and subjective assessments of the brand. Four drivers of relationship equity are loyalty programs, affinity program, community-building program, and knowledge building program.

In the context of the hotel industry, the value strategy through price, convenience, and quality requirement was significant to relate the customer repurchase (Ekinci & Riley, 1999; Zeithaml, 1998). The brand strategies, mostly from the headquarters of hotel channel kept scanning on customer retention through the drivers of brand awareness, affection, ethics, and company citizenship (Jiang, Dev, & Rao, 2002). In a study of twelve luxury hotel, brand loyalty, brand awareness, and brand image among the four attributes of brand equity (brand awareness, brand image, brand loyalty, and perceived quality) showed the strongest direct effect on the finance performance of the hotels (Kim, Kim, & An, 2003).

The most important strategy in enhancing customer loyalty was the relationship strategy (Rust et al., 2005). Relationship marketing was the vehicle to establish, maintain, and enhance relationships with customers and other partners (Gronroos, 1994). This was achieved by a mutual exchange and fulfillment of promises-commitment and trust (Gronroos, 1994). A study of the hotel industry embraced the concepts of improving customer loyalty by promoting interpersonal service encounters to build long term relationships between customers and hotels (Scanlan & McPhail, 2000). The results from multiple regression analysis revealed that Traders Hotel guests perceived, in descending order of importance, personalization, social bonding, reliability, and familiarization as the most influential in relationship formation (Scanlan & McPhail, 2000).

Customers were viewed as assets of the firm's attempt to create and build its total customer equity. A strategic marketing framework which was based on customer equity analysis identified the drivers of marketing strategy to project customer financial return through frequency of purchase (Rust et al., 2004). However, there was not much research that was conducted with the primary assumption of the customer equity—the drivers of the marketing strategy related the customer equity might impact on customer retention or customer loyalty.

Value Strategy: To attract loyal customers, marketing managers must make it worthwhile for customers to stay in their hotel (Dube & Renaghan, 2000). One of the best ways of creating loyalty was to create visible value service (Dube & Renaghan, 2000). There were ten value attributes (customer room design, physical public property, interpersonal service, functional service, food-and-beverage-related services, quality standards, location, value for money, bathroom furnishings, brand name and reputation) depending on three marketing segments—leisure, transient and business customers (Dube & Renaghan, 2000). In contrast, some scholars have argued that Traders Hotel service should emphasize a basic service strategy in order to increase customer satisfaction and customer loyalty (Ekinci & Riley, 1999).

Brand Strategy: The strategy to repurchase the same brand refers to brand-use satisfaction, perceived superior value, and a preference or loyalty for the brand (Prasad & Dev, 2000). Brand strategy is a multidimensional concept that consists of brand loyalty, brand awareness, perceived quality, brand association, and the other strategies (Aaker, 1996). A study testing four elements of brand strategy in seven quick service restaurants found that brand awareness had the strongest direct effect on revenues (Kim & Kim, 2004). A longitudinal study of hotel brand strategies revealed that Traders Hotel brand franchisors should look at long term goals, not for franchising fees (O'Neill & Mattila, 2004). Brand strategy has several drawbacks: (a) brand strategy was perceived the only

useful driver to value in stock, or might not offer premier value for customers (Clarke, 2001), (b) marketing strategy should be less brand-centric and more customer-centric (Prasad & Dev, 2000), and (c) hotel brand was criticized for over expanding and losing customer loyalty (Jiang et al., 2002).

Relationship Strategy: To trace the history of customer loyalty strategy as practiced by firms both inside and outside the hospitality industry, scholars believed that building loyalty was based on increasing knowledge relationship between customer and service provider (Shoemaker & Bowen, 2003). The process of building customer loyalty would enable a hotel to increase its profitability through the following strategies: sales, targeted promotion, frequent programs, brand relationships, and knowledge relationship (Shoemaker & Bowen, 2003). Moreover, relationship strategy was classified into five categories: core service performance, recognition for contribution, membership interdependence, dissemination of organizational knowledge, and reliance on external commitment (Gruen, Summers, & Voelpel, 2000). The customer retention behavior, including relationship continuation, increased sale or scope relationship, and word of mouth endorsement resulted from customers' beliefs that the value received from one supplier was greater than that from the other supplier (Kassinis & Soteriou, 2003).

The research is guided with the following framework

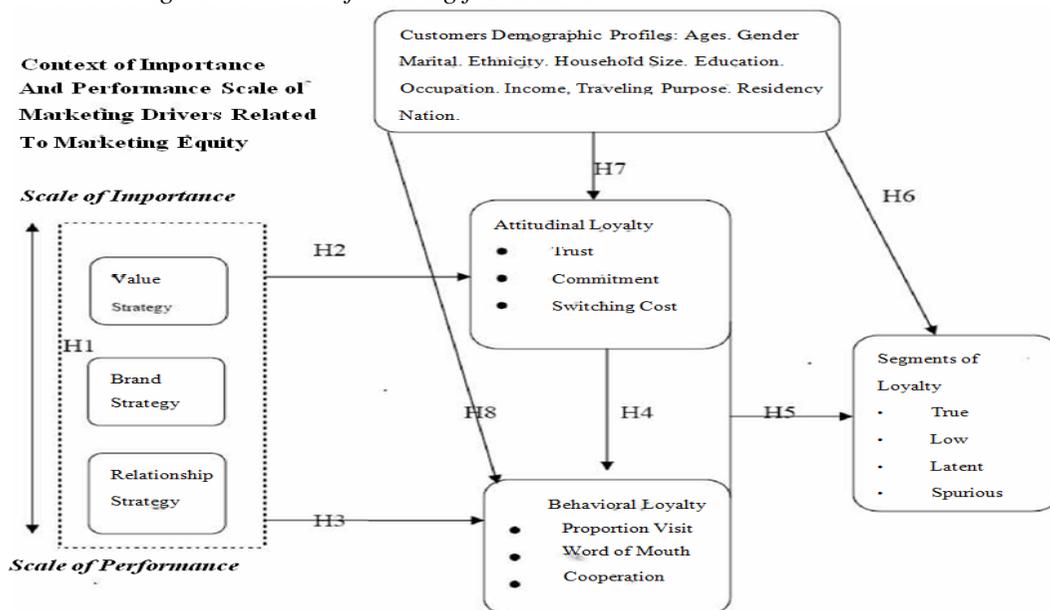


Figure 1 Proposal conceptual model of customer loyalty

The purpose of this conceptual framework was to predict marketing drivers of customer equity on customer loyalty in a five-star hotel in Kuala Lumpur, Malaysia. The proposed conceptual model of customer loyalty identifies the differences between the delivery performance of the marketing drivers of the customer equity and hotel guests' perception of the importance of the marketing drivers of the customer equity. The performance and importance scale of value strategy, brand strategy, and relation strategy of customer equity were projected directly on behavioral loyalty, or indirectly on behavior loyalty by mediating attitudinal loyalty. The composite of the attitudinal and behavioral loyalty was classified into four segments of loyalties: true, latent, spurious, and low loyalty. The effects of the customer demographic profiles on behavioral loyalty, attitudinal loyalty, and the four

loyalty segments are identified in this study.

Hypotheses:

H₀₁: There are no significant differences between the importance ranking of marketing drivers and the delivery performance of marketing drivers as perceived by the hotel customers.

H₀₂: There are no significant positive impacts on attitudinal loyalty from the context of importance scale and performance scale of the marketing drivers related to customer equity.

H₀₃: There are no significant positive impacts on behavioral loyalty from the context of importance scale and performance scale of the marketing drivers related to customer equity.

H₀₄: There are no significant positive impacts on behavioral loyalty from attitudinal loyalty. .

H₀₅: There are no significant relationships on the four segments of loyalty: true, latent, spurious, and low loyalty from the composites of attitudinal loyalty and behavioral loyalty by distinguishing the T-hotel customers.

H₀₆: There are no significant differences among each group of customer loyalty (true, spurious, latent, and low loyalty) when compared with customer demographic profiles.

H₀₇: There are no significant differences among attitudinal loyalty when compared with customer demographic profiles.

H₀₈: There are no significant differences among behavioral loyalty when compared with customer demographic profiles.

Methodology

Research Design and Variables

Design: Drawing from a broad-based theoretical framework, including social exchange theory, customer equity theory, trust commitment theory of relationship, and cognitive dissonance theory, this research used a correlation design through multiple stages of research (Pedhazur & Schmelkein, 1991). There was at least one exogenous variable (e.g., value strategies, brand strategy, and value strategy) and at least two endogenous variables (e.g., attitudinal loyalty, behavioral loyalty, or four segments of classified customer loyalty) (Pedhazur & Schmelkein, 1991).

Subject Selection:

Population: The target population for this study was the customers, who stayed over one night at the five-star Traders Hotel in Kuala Lumpur, Malaysia. The survey population for this dissertation study was the customers, who would stay more than one night at Traders Hotel from December 2015 to January 2016. The average room rate in Traders Hotel is \$130 per night.

Obtaining an accurate frame for this study is difficult because the survey population is the part of the hotel's confidential record. A frame is a method of locating all elements of the survey population. A daily new guests list which recorded the room no. and guest name at the front desk in Traders Hotel daily was available in housekeeping department. This daily new guest list was the frame of the survey population. A listing is a physical list of all elements in the survey population so that each element appears on the list exactly once.

Sampling: Although the researcher did not have access to the daily guest list, the management teams agreed to help collect data for this survey. The number of guests in same group who stayed in Traders Hotel was estimated from one to nine (cluster elements in this frame). In order to avoid the interaction effects among the respondents in the same group and the cluster elements of the frame, one guest would randomly be selected from among the nine guests on the new guests' daily list by systematic

simple randomly sampling method.

Sample Size Estimate: The minimum required sample size in this survey was estimated for 296 cases (see Table 5) with Alpha=0.05, Power=0.8, and Medium Effective Size depending on different statistical methods: factor analysis, multiple regressions analysis, ANOVA, cluster analysis, discriminate analysis and MANOVA (Cohen, 1988; Cohen, 1992; Hair et al., 2006).

According the sample size formulation used for attribute sampling: $n^* = z^2 p(1-p)/d$ at $d=0.05$ (be assumed), $p=0.3$ (from the history of Traders Hotel survey by itself), and confidence interval=0.95, the minimum required valid sample size (n^*) in the infinite population for this survey is (Kish, 1995; Scheaffer, Mendenhall III, & Ott, 1996):

$$N^* = 1.96^2 \times 0.3 \times (1-0.3) / (0.05)^2 = 323 \text{ respondents}$$

According to manager of Traders Hotel in the Kuala Lumpur, Malaysia, the population in two months would be estimated at 6,000 guests = 3,000 guests/per month x2 months. The minimum required valid sample size (n) in the finite population for this survey after justifying the *fpc* is:

$$n = n^* / (1 + n^*/N) = 323 / (1 + 323/6000) = 306.$$

When $fpc = n^*/N < 5\%$, it is not necessary to justify *fpc* (Kish, 1995).

With regarding to conservation estimation of the power for this study, more power is welcomed to support the significant founding. So the minimum required valid sample size for this study is 306 respondents.

Table- 1 Unidimensionality, Reliability and Validity for Pilot Study

Check		Reliability	Unidimensionality	Convergent Validity
Construct with Multiple Dimensions	Item	Cronbach's Alpha	Factor Loading	Correlation Coefficients (item to total items)
<u>Importance Scale</u> Quality		0.670		
	1		0.867	0.504
	2		0.867	0.504
Ethics		0.807		
	1		0.916	0.678
	2		0.916	0.678
Loyalty		0.382*		
	1		0.786	0.237
	2		0.786	0.237
Community		0.541*		
	1		0.829	0.373
	2		0.829	0.373
Knowledge		0.885		
	1		0.948	0.796
	2		0.948	0.796
Affinity		0.431*		
	1		0.801	0.282
	2		0.801	0.282

<u>Performance Scale</u>			
Quality		0.822	
	1		0.928
	2		0.928
Ethics		0.840	
	1		0.928
	2		0.928
Loyalty		0.699	
	1		0.877
	2		0.877
Community		0.716	
	1		0.887
	2		0.887
Knowledge		0.916	
	1		0.963
	2		0.963
Affinity		0.688	
	1		0.873
	2		0.873
<u>Attitudinal Loyalty</u>			
Trust		0.816	
	1		0.857
	2		0.911
	3		0.817
Commitment		0.837	
	1		0.847
	2		0.879
	3		0.887
Switching Costs		0.843	
	1		0.930
	2		0.930
<u>Behavioral Loyalty</u>			
Cooperation		0.900	
	1		0.894
	2		0.923
	3		0.927
Word of Mouth		0.840	
	1		0.804
	2		0.937
	3		0.883

Note. * indicate Cronbach's Alpha reliability coefficients below critical value 0.6.

The Cronbach's Alpha of the importance of loyalty, community and affinity was below the critical value 0.6, meaning these three variables are unreliable. In contrast, the Cronbach's Alpha of the performance scale for loyalty, community and affinity was over the threshold 0.6, meaning these three variables on the performance scale had acceptable internal reliability. The different needs of each respondent might make the scaling of each marketing driver unstable. In addition, the multidimensional nature of the importance concept could weaken the reliability of importance measures when operating in field surveying design (Oh, 2001; Oliver, 1997). Later, the marketing drivers would be entered into the exploratory factor analysis (EFA) by the entire samples. The respondents would regroup the marketing drivers under the new constructs through EFA. In this case the low reliability of important scale of the marketing drivers in pilot study was not a serious problem.

Results

Description Analysis for Respondents' Demographic Profiles

Table -2 Respondents' Demographic Profiles (N=367)

Variable	Frequency	Valid %	Cumulative %
Age			
< 25 years old	46	12.5	12.5
26-35 years old	143	39	51.5
36-45 years old	79	21.5	73
46-55 years old	46	12.5	85.6
56-65 years old	50	13.6	99.2
> 66 years old	3	0.8	100
Gender			
Female	148	40.4	40.4
Male	218	59.6	100
Missing Value	1		
Marital Status			
Single	148	40.4	40.4
Married	214	58.5	98.9
Other	4	1.1	100
Missing Value	1		
Ethnicity			
Asian	207	56.4	56.4
American	62	16.9	73.3
European	30	8.2	81.5
Caucasian/White	18	4.9	86.4
Hispanic/Latino	18	4.9	91.3
Multiracial	18	4.9	96.2
Would rather not say	11	3	99.3
Other	3	0.8	100
Household			
1 person	72	19.6	19.6
2 persons	85	23.2	42.8
3 persons	68	18.5	61.3
4 persons	43	11.7	73
5 persons	73	19.9	92.9
6 persons and above	26	7.1	100
Education			
High School	14	3.9	3.9
Two-Year College	73	20.1	24
Four-Year College	142	39.2	63.1
Post Graduate	134	36.9	100
Missing Value	4		
Occupation			
Commerce	123	34.1	34.1
Education	40	11.1	45.2
Government	30	8.3	53.5
Engineer	67	18.6	72
Service Industry	50	13.9	85.9
Self-employed	28	7.8	93.6
Not in Work Force	18	5	98.6
Retired	5	1.4	100
Missing Value	6		

Variable	Frequency	Valid %	Cumulative %
Income			
< US\$20,999	22	6	6
US\$21,000-US\$29,999	29	7.9	14
US\$30,000-US\$39,999	78	21.4	35.3
US\$40,000-US\$49,999	85	23.3	58.6
US\$50,000-US\$59,999	81	22.2	80.8
US\$60,000-US\$69,999	35	9.6	90.4
US\$70,000-US\$79,999	14	3.8	94.2
> US\$80,000	21	5.8	100
Missing Value	9		
Goal			
Business	144	39.8	39.8
Pleasure	64	17.7	57.5
Visiting Friends/Relatives	48	13.3	70.7
Meeting/C onference	71	19.6	90.3
Events/Sports	16	4.4	94.8
Transit	13	3.6	98.3
Others	6	1.7	100
Missing	5		
Nation			
Malaysia	115	31.5	31.5
Other Asia Country	115	31.5	63
North America	75	20.5	83.6
South America	17	4.7	88.2
Europe	37	10.1	98.4
Others	6	1.6	100
Missing	2		
Nights in Traders Hotel			
1- 3 nights	85	23.2	23.9
4-6 nights	122	33.5	56.4
7-10 nights	54	15.5	71.9
11-14 nights	24	6.8	78.7
Above 15 nights	78	21.3	100
Nights in Kuala Lumpur			
1- 3 nights	41	11.2	11.2
4-6 nights	97	26.4	37.6
7-10 nights	73	19.9	57.5
11-14 nights	43	11.7	69.2
Above 15 nights	107	30.8	100
Proportion of Visit			
< 0.2	7	1.9	1.9
0.21-0.40	54	14.7	16.6
0.41-0.60	48	13.1	29.7
0.61-0.80	25	7.1	36.8
0.81-1	233	63.2	100
Duration of Relationship			
Under 1 years	51	13.9	13.9
1-2 years	88	24	37.9
2-3 years	90	24.5	62.4
3-4 years	16	4.4	66.8
4-5 years	79	21.5	88.3
More than 5 years	43	11.7	100

Table- 2 summarized the demographic profiles of 367 respondents. The largest percentages of respondents were male (59.6%), married (60%), and 26-35 years old (39%). The second-largest percentage of respondents (21%) was between 36 and 45 years old. Fifty-six percent of respondents reported their ethnicity as Asian.

The average household size of respondents was 3.1. More than a fifth (23.3%) of respondents lived in two-person households. Just under a fifth (19.6%) of respondents lived alone. Just over 18.5% of respondents lived in three- person households. More than a third (39.2%) of respondents had a college degree. A smaller percentage (36.9%) had some with graduate education. The three main occupations of respondents were commercial (34%), engineering (19%), and service industry (13%). Only 6.4% of respondents were "retired" or "not in workforce."

Sixty-seven percent of respondents earned \$30,000 to \$59,999 annually, while nearly 23% of respondents earned \$40,000 to \$49,999. The primary reasons for the visit among respondents were business (40%), conference/meeting (20%), and pleasure (18%). Sixty-three percent of Traders Hotel customers come from Asia, while half of Asia customers came from Malaysia). The majority of customers from other Asian came from Japan (25%). Twenty percent of respondents traveled from North America.

Respondents stayed in Traders Hotel for an average of 7.5 nights; the average number of nights that respondents stayed in Kuala Lumpur was 9.4. The average percentage for the proportion of visit in Traders Hotel among respondents was 80%. Fifty-nine percent of respondents indicated that they always stayed in the Traders Hotel when visiting Kuala Lumpur. The majority of respondents stayed 4-6 nights in the Traders Hotel (33.5%) and more than 15 nights in Kuala Lumpur (30.8%). The majority of respondents had had relationships with Traders Hotel for two to three years (24.5%). The duration of relationship with Traders Hotel among respondents was less than one year (13.9%), 1-2 years (24.0%), 2-3 years (24.5%), 3-4 years (4.4%), 4-5 years (21.5%), over 5 years (11.7%). The duration of relationship with Traders Hotel among the respondents was over one year (86.3%).

Exploratory Factor Analysis

Data Reduction of Index of Marketing Driver

Examining Assumption

Table- 3 *KMO-MSA and Bartlett Test of Sphericity for Index of Marketing Driver*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO-MSA)	0.92
Bartlett Test of Sphericity	
Approx. Chi-square	304.126
Degree freedom	120
P	.000 *

Note. "*" represented statistical significance at Alpha=0.05

Visual inspection of the correlation matrices revealed that most of the correlation coefficients exceeded 0.3. The correlation matrix was statistically significant. This provided an empirical measure of intercorrelations of the correlation matrix. The measures in KMO-MSA (Table 3) KMO-MSA and Bartlett test were 0.924, above 0.8 (good). The Bartlett test of significant was significant at P=0 with 120 degrees of freedom. These findings supported the data set as suitable for exploratory factor analysis.

Criteria for the Number of Factors to Extract

Table- 4 Exploratory Factor Analysis for Index of the Marketing Drivers

Extracted Factors and Dominant Attributes	Eigen Value	Variance Explained	Factor Loading	Communalities
<u>C1: Progressive marketing Strategy</u>	7.264	45.398		
An active sponsor of community events (Community1)			0.790	0.635
An active sponsor of destination meeting events (Community2)			0.781	0.619
Related mailing information (affinity 1)			0.764	0.595
The preferential treatment from loyalty program (loyalty 1)			0.690	0.595
Worthy of the loyalty program (loyaty 2)			0.681	0.575
Participate in related activity (affinity 2)			0.665	0.455
An excellent corporate citizen (ethic 2)			0.606	0.579
			0.578	0.497
The image of the hotel fit customer's personality (affection)			0.565	0.493
The media advertisement (awareness)			0.548	0.471
Know a lot of information about customer (knowledge1)				
<u>C2: Fundamental marketing strategy</u>	1.766	11.035		
Location of the hotel (convenience)			0.831	0.705
Comfortable physical surroundings (quality1)			0.803	0.668
Superior Service (quality2)			0.801	0.672
Good value (price)			0.716	0.546
High ethical standards (ethics 1)			0.541	0.469
Remembered customer's name (knowledge 2)			0.509	0.455

Note. a. Extracted Method: Principal Component; Rotational Method: Varimax Rotation. b. The attributes were ranked by the order of their factor loading

Table-4 shows that the two factors with eigenvalues greater than 1.0 were extracted. The communalities ranged from 0.471 to 0.706. The communality was the estimate of the common variance of a given variable with other variables in the factor analysis represented by all of the derived factors. In other words, the communality of an attribute was the sum of its squared loading on all its derived factors. The higher value of communalities for any item presented, the stronger the affected power on the associated factor. Two extracted common factors accounted for 56.43% of the total variances.

The factor loading for 16 attributes varied from 0.509 to 0.831 which was higher than the critical value of 0.5 (the derived factor accounting for 25% of the variance of the attribute), meaning practical significance. The varimax rotational method made the factor loading of each attribute practically significant for only one factor above 0.5 in 367 samples. Each factor loading indicated the effect of an extracted factor on a predictor attribute when was partial out of the other factors.

Interpreting the Extracted Factors

The first factor was extracted with eigenvalues 7.264 including the attribute of community 1, community 2, affinity 1, loyalty 2, loyalty 1, affinity 2, ethics 2, affection, awareness, and knowledge 1. Based on the attributes included in first factor, the first extracted factor was renamed "progressive marketing strategy". It reflects 45.4% of total variance with an eigenvalue of 7.264.

The second factor which was retained with eigenvalue 1.766 includes the index of quality1, quality2, price, convenience, ethics1, and knowledge2. According to the attributes marked in the second extracted factor, the second factor was renamed "fundamental marketing strategy". It accounted for 11.04% of the total variance with an eigenvalue of 1.766.

Data Reduction of Attitudinal Loyalty

Examining Assumptions

Table 5 *KMO-MSA and Bartlett Test Sphericity for Attitudinal Loyalty*

Kaiser-Meyer-Olkin measure of Sampling Adequacy	0.879
Bartlett Test of Sphericity	
Approx. Chi-square	1003.484
Degree freedom	28
<i>P</i>	.000 *

Note. represented statistical significance at Alpha=0.05

The visual inspection revealed many correlation coefficients that were greater than the critical value of 0.3, so factor analysis was likely to be appropriate. The Kaiser-Meyer-Olkin measure of sampling adequacy 0.879 (Table 5) which was above the critical value of 0.8 indicated excellent intercorrelations among attributes. The Bartlett test of sphericity indicated statistical significance at 28 degrees of freedom (Table 5). The assumption for the measure for intercorrelations revealed that the data set was appropriate for exploratory factor analysis. The principal component analysis with varimax rotational method was used in EFA.

Criteria for the Number of Factors to Extract

Table -6 Exploratory Factor Analysis for Attitudinal Loyalty

Extracted Factors and Dominant Attributes	Eigen Value	Variance Explained	Factor Loading	Communalities
	3.933	49.160		
<i>C1: Attitudinal Loyalty</i>				
A sense of belonging to hotel (Commitment 2)			0.791	0.625
Emotional attachment (Commitment 1)			0.732	0.536
Rely on hotel's promises (Trust3)			0.726	0.527
Cares about customers (Trust2)			0.701	0.491
Enjoys visiting (Commitment3)			0.701	0.491
Hotel is honest (Trust 1)			0.673	0.453
Higher cost in time and effort to change hotels (Switch1)			0.654	0.428
Very inconvenient to go to the other hotel (Switch2)			0.619	0.383

Note. a. Extracted Method: Principal Component Analysis (n=367). b. The attributes were ranked by the order of its factor loading

Attributes with factors loadings above critical value 0.5, which revealed practical significant and statistic significant in 350 cases, were retained. The factor loadings in eight items ranged from 0.791 to 0.619 (Table 6). The attributes with larger factors loading indicated more importance for the associated factor than the other attributes. The communalities varied from 0.626 to 0.383 (Table 6), indicating the variance of each original variable was rationally explained by one factor.

Interpreting the Extracted Factors: Only one factor which was extracted with eigenvalues 3.933 included eight items. The extracted factor encompassed three attributes for trust, three attributes for commitment, and two attributes of switching cost. Based on the characteristics of the attributes was marked under this extracted factor, this factor would be renamed "attitudinal loyalty" supported by the literature review. The extracted factor--attitudinal loyalty--was explained by 49.16 % of the total variance.

Data Reduction of Behavioral Loyalty
Examining Assumptions

Table 7 *KMO-MSA and Bartlett Test of Sphericity for Behavioral Loyalty*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO-MSA)	0.842
Bartlett Test of Sphericity	
Approx. Chi-square	886.532
Degree freedom	15
<i>P</i>	.000

Note. represented statistical significance at Alpha=0.05

The Kaiser-Meyer-Olkin measure of sampling adequacy 0.842 (Table 7) which was over 0.8 indicated the meritorious intercorrelations pattern among attributes. The Bartlett test of sphericity revealed statistical significance at 15 degree of freedom (Table 7). Thus, the exploratory factor analysis proceeded with confidence.

Criteria for the Number of Factors to Extract

Table- 8 *Exploratory Factor Analysis for Behavioral Loyalty*

Extracted Factors / Dominant Attributes	Eigen Value	Variance Explained	Factor Loadings	Communalities
C1: Behavioral Loyalty	3.460	57.668		
Proud of telling other people about experiences (WOM3)			0.806	0.650
Say positive words (WOM2)			0.786	0.618
Share idea with employees (Cooperation1)			0.768	0.590
Encourage the other people to stay (WOM1)			0.753	0.567
Allow name and comment used in advertisements (Cooperation 2)			0.740	0.547
Would like to receive information of this hotel (Cooperation3)			0.698	0.488

Note. a. Extracted Method: Principal Component (n=367). b. The attributes were ranked by order of factor loading.

The principal component was used in exploratory factor analysis. Only one factor was extracted with eigenvalues greater than 1 (Table 8). Each attribute with a factor loading above 0.5 (meaning practically and statistically significant) was retained. Factor loadings for six items varied from 0.806 to 0.698. The given attribute with larger factor loading revealed more importance for the associated

factor than the other attributes. The communalities ranged from 0.65 to 0.48, meaning that the variance of each dominant attribute was rationally explained by one factor.

Interpreting the Extracted Factors: One factor with eigenvalues 3.46 that was extracted in EFA analysis included six attributes. The main extracted component represented the three attributes for WOM endorsement and three other attributes for Cooperation. Thus, this factor would be "behavioral loyalty," as confirmed by the literature reviews. This extracted factor explained 57.67% of the total variance.

T-test and Important-Performance Analysis

Table- 9 *Gap Analysis and T-test Comparison for the Importance Rank versus Performance Rank of Marketing Drivers*

Attribute Number	Description of Marketing Drivers	Means for Performance Ranking (Standardized Mean)	Means for Importance Ranking (Standardized Mean)	The Gap Performance -Importance	T	P
1	Superior Service (quality 2)	4.18 (1.050)	3.86 (1.036)	0.32	6.526	0 *
2	Recognized customer's name and treat me special	4.04 (1.015)	3.83 (1.028)	0.21	4.376	0 *
3	Worthy of the n (loyalty 2)	3.99 (1.003)	3.80 (1.020)	0.19	3.720	0 *
4	Good value of the room rate (price)	4.15 (1.043)	3.79 (1.018)	0.36+	7.107	0 *
5	High ethical standards to its customers	4.04 (0.990)	3.78 (0.991)	0.26	4.903	0 *
6	Comfortable physical Surrounding (quality 1)	4.14 (1.040)	3.76 (1.010)	0.38+	7.558	0 *
7	The media advertisement of the hotel (awareness)	3.96 (0.995)	3.76 (1.010)	0.20	3.830	0 *
8	Know a lot of information about customer (knowledge)	3.96 (0.995)	3.76 (1.010)	0.20	3.988	0 *
9	Location of the hotel (convenience)	4.12 (1.035)	3.75 (1.007)	0.37+	7.769	0 *
10	The image of the hotel fit customer's personality	4.01 (1.008)	3.75 (1.007)	0.26	5.047	0 *
11	The preferential treatment treatment from loyalty program (loyalty 1)	3.92 (0.985)	3.73 (1.002)	0.19	3.510	0 *
12	An excellent corporate citizen (ethics 2)	3.94 (0.990)	3.69 (0.991)	0.25	5.052	0 *

13	Related mailing information (affinity 1)	3.87 (0.973)	3.69 (0.991)	0.18	3.704	0 *
14	An active sponsor of community events (Community 1)	3.82 (0.960)	3.61 (0.969)	0.21	4.226	0*
15	An active sponsor of destination meeting events (Community 2)	3.79 (0.952)	3.56 (0.952)	0.23	4.868	0*
16	Participate in related activity (affinity 2)	3.74 (0.940)	3.47 (0.932)	0.27	6.209	0*

Note. a. "*" represented the statistical significance at Alpha=0.05. b. Attribute numbers represented each items of the associated marketing drivers used in the latter figure. c. + represented the three largest positive gap

In order to examine the null hypothesis 1, the paired sampling t-test was conducted to compare the mean scores of the importance ranking and the performance rating of each marketing driver as perceived by Traders Hotel customers. Table 9 depicts the mean scores for both the performance and importance ratings associated with an indicator of the perceived gap and paired sampling t-test. The list of each item of marketing drivers (Table 9) was sorted by mean importance ranking. The first three most important ratings of the marketing drivers by the order were "Super service," "recognized customer's name," and "worthy of the loyalty program."

All 16 attributes for t-test statistic (Table 9) indicated significant statistical differences between the performance scale of marketing drivers and importance ranking of marketing drivers as perceived by the hotels' customers. Thus, the null hypothesis 1 was rejected. This result supported the perceived gap between the two assessments of performance and importance ranking of marketing drivers.

A positive result in the gap column (Table 9) revealed that the marketing drivers of the Traders Hotel performed better than the customers would expect, based on the importance rating. The largest positive gap for the marketing drivers was "comfortable surroundings." The guests might find the facilities more comfortable than they had expected. Moreover, the second large positive gap was "location of the hotel" and the third was "good value."

Summary: The minimum valid sample size (after deleted the outlier in simple regression analysis) which used in this study was 355 (over critical value: 296). The sample size was sufficient to examine all of the proposed research hypotheses with Alpha=0.05, power=0.8, and medium effective size. The reliability coefficients for the extracted factors of index of marketing drivers were as follows: (a) fundamental marketing strategy (0.847), and (b) progressive marketing strategy (0.898). The reliability coefficients for the predictor variables to separate segments of customers loyalty was as follows: (a) trust (0.73), (b) commitment (0.79), (c) switching cost (0.67), (d) WOM endorsement (0.82), and (e) cooperation (0.77). The reliability coefficients of the attitudinal loyalty (the extracted factor for three attributes of trust, three attributes of commitments, two attributes of switching cost) were 0.850. The reliability coefficient of the behavioral loyalty (the extracted factor for three attributes of WOM endorsement and three attributes of cooperation) were 0.851. Once that all reliability coefficients for all scales used in related statistic analysis was over 0.6, the scales were stable and acceptable in this study (Hair et al., 2006).

The results of null hypotheses test were summarized as follows: H01: There are no significant differences between the importance ranking of marketing drivers and the delivery performance of marketing drivers as perceived by the hotel customers was rejected. H02: There are no significantly positive impacts on attitudinal loyalty from the context of importance scale and performance scale of the marketing drivers related to customer equity was rejected. H03: There are no significantly positive impacts on behavioral loyalty from the context of importance scale and performance scale of the marketing drivers related to customer equity were rejected. H03.1: There are no significantly positive impacts on proportion of visit from the context of importance scale and performance scale of the marketing drivers related to customer equity were accepted. H04: There are no significantly positive impacts on behavioral loyalty from attitudinal loyalty were rejected. H04.1: There are no significantly positive impacts on proportion of visit from attitudinal loyalty were accepted. H05: There are no significantly relationships on the four segments of loyalty: true, latent, spurious, and low loyalty from the composites of attitudinal loyalty and behavioral loyalty by distinguishing the Traders Hotel customers. H06: There are no significant differences among each group of customer loyalty (true, spurious, latent, and low loyalty) when compared with customer demographic profiles was accepted. H07: There are no significant differences among each variable of attitudinal loyalty when compared with customer demographic profiles was accepted. H08: There are no significant differences among each variable of behavioral loyalty when compared with customer demographic profiles was accepted.

The customer equity theory was partly supported in this study by the regression analysis. Especially, the direct customer equity (proportion of visit) was not confirmed to be regressed from the marketing strategy. There were no linear relationships between the marketing strategy and the proportion of visit. The solutions for distinguishing the four segments of customer loyalty were supported with reliability, internal validity, and cross-validity by MANOVA, multiple discriminate analysis, and ANOVA. The association between the segments of customer loyalty and customers' demographic profiles was rejected. Only significant association with four segments of customer loyalty was occupation. The differences on attitudinal loyalty and behavioral loyalty across sub-groups of the demographic profiles were not found except from education by the attitudinal loyalty.

Conclusion and Discussion: Ten empirical research hypotheses which highlighted the relationship among the conceptual were developed. Table 10 summarizes the results of the ten research hypotheses.

Table -10 Summary Results of Null Research Hypotheses Testing

Null Hypotheses	Results	Exception or Findings
H ₀₁ : There are no significant differences between the importance ranking of marketing drivers and the delivery performance of marketing drivers as perceived by the hotel customers.	Rejected	The importance ranking of marketing drivers was significantly different from the delivery performance of marketing drivers as perceived by the hotel customers.

H ₀ 2: There are no significantly positive impacts on attitudinal loyalty from the context of importance scale and performance scale of the marketing drivers related to customer equity.	Rejected	The progressive marketing strategy and fundamental marketing strategy simultaneously predicted positive impacts on attitudinal loyalty
H ₀ 3: There are no significantly positive impacts on behavioral loyalty from the context of importance scale and performance scale of the marketing drivers related to customer equity.	Rejected	Higher on progressive marketing strategy or fundamental marketing strategy led to stronger behavioral loyalty.
H ₀ 3.1: There are no significantly positive impacts on proportion of visits from the context of importance scale and performance scale of the marketing drivers related to customer equity.	Failed to Reject	There was no linear relationship on behavioral loyalty from the progressive and fundamental marketing strategies.
H ₀ 4: There are no significantly positive impacts on behavioral loyalty from attitudinal loyalty.	Rejected	Stronger attitudinal loyalty led to stronger behavioral loyalty for the customers in Traders Hotel
H ₀ 4.1: There are no significantly positive impacts on proportion of visit from attitudinal loyalty.	Failed to Reject	There was no linear relationship between attitudinal loyalty and proportion of visit.
H ₀ 5: There are no significantly relationships on the four segments of loyalty: true, latent, spurious, and low loyalty from the composites of attitudinal loyalty and behavioral loyalty by distinguishing the Traders Hotel customers.	Rejected	The composites of attitudinal and behavioral loyalty presented a significant power to classify each customer of Traders Hotel into the four segments of customer loyalty.
H ₀ 6: There are no significant differences among each group of	Failed to reject	There were small effect between the occupation and the four segments of customers' loyalty (exception).

<p>HQ7: There are no significant differences among attitudinal loyalty when compared with customer demographic profiles.</p>		<p>There were statistically significant differences in attitudinal loyalty across educational levels, especially comparison among respondents with post graduate degree by the respondents with the</p>
<p>HQ8: There are no significant differences among behavioral loyalty when compared to customer demographic profiles.</p>	<p>Failed to reject</p>	<p>Demographic variables in customer profiles could not predict significant differences in behavioral loyalty</p>

The majority of customers in Traders Hotel were male, married, about 26-35 years old, Asia ethnicity, holding two persons in household size, with four year college degree. Also the majority of customers in Traders Hotel worked in commerce industry, had annual income US\$40,000-49,999, traveled for business goals, and mostly came from Malaysia.

Majority of customers in Traders Hotel traveled for business goals, and second majority of customers for pleasure. They averagely stayed for 7.5 nights in Traders Hotel when they visited for 9.4 nights at the Kuala Lumpur. Eighty-seven percents of customers were returned customers conservatively estimated by returning over one year. Average proportion of visits at the Traders Hotel when compared to stay in Kuala Lumpur was 80%. The majority of the international customers came from the Japan, and second from North America.

The results of empirical test supported there were significant differences between the delivery performance of marketing drivers and the importance of marketing drivers ranked by the hotel customers. The gap analyses performance exceeding importance were all positive. Three largest positive gaps for the performance exceeding importance were "comfortable of hotel physical surrounding," "location of the hotel," and "good value of the room rate."

The empirical evidence supported that both fundamental marketing strategy and progressive marketing strategy related to customer equity had simultaneously significant positive impacts on attitudinal loyalty. All above led to the following conclusion: the higher the fundamental marketing strategy or progressive marketing strategy, the stronger the attitudinal loyalty of customers.

The results of the empirical test supported with the beliefs that both fundamental marketing strategy and progressive marketing strategy impacted a positive relationship on behavioral loyalty. Exception from above was that fundamental marketing strategy and progressive marketing strategy had no significantly positive impacts on proportion of visits. There was not sufficient evidence to say that the fundamental marketing strategy and progressive marketing strategy had no contributions on the proportion of visits. The appropriated conclusions were that the fundamental marketing strategy and progressive marketing strategy presented no linear relationships on proportion of visits. Also the current study did not support fully with customer equity theory in hotel industry. Especially, the marketing drivers proposed by customer equity theory did not predict a positive relationship with direct equity (proportion of stay), but did predict a positive relationship with indirect equity (behavioral loyalty)

The obvious empirical evidence supported the belief that attitudinal loyalty had a significantly positive impact on behavioral loyalty. In other words, attitudinal loyalty predicted substantially a positive relationship with behavioral loyalty. Exception from above was that attitudinal loyalty

reflected no significantly positive relationships on proportion of visits. The visual inspection on diagraphs showed that there was no linear relationship between attitudinal loyalty and proportion of visits.

Literature reviews supported with the beliefs that the assessments of customer loyalty was divided by two dimensions: attitudinal loyalty (antecedent) and behavioral loyalty (behavioral outcome) (e. g. Back & Parks, 2003; Backman & Crompton, 1991; Baloglu, 2002; Day, 1969; Dick & Basu, 1994; Oliver, 1997; Tideswell & Fredline, 2004). Based on measurement by attitudinal and behavioral loyalty, the nature of customer loyalty was classified into four segments of customer loyalty: true, latent, spurious, and low loyalty.

This study adopted Oliver's (1999) three phases of attitudinal loyalty: cognition, affection, and conation. The central drivers in each phase dimension were operated as: trust as the key measurement of the affective component, commitment as the key measurement of the affective component, switching cost as the key measurement of the conative measurement. Eight attributes related to trust, commitment and switching cost was deducted into only one common component: attitudinal loyalty.

Behavioral loyalty was divided into cooperation, WOM endorsement, and proportion of visits (Baloglu, 2002; Bendapudi & Berry, 1997; Bowen & Shoemaker, 1998; Dick & Basu, 1994; Kim et al., 2001; Riechheld & Sasser, 1990 ; Tideswell & Fredline, 2004). Proportion of visits was treated as the key measures of loyal actual purchasing behaviors (direct equity in the customer equity theory). WOM endorsement was treated as the key operational measures for affecting the other purchasing (indirect equity in the customer equity theory). Cooperation was treated as key operational measures for company benefits contributed by customers (indirect equity in the customer equity theory). Six attributes related to cooperation and word-of-mouth endorsement was deducted into one common component: behavioral loyalty by customers' mind. Regression results seemed to imply there were two dimensions: one was proportion of visits, and the others were behavioral loyalty (cooperation and word-of-mouth).

Obvious empirical evidence supported that the composites of attitudinal and behavioral loyalty had statistically significant power to distinguish each customer into the four segments of customer loyalty: True, Latent, Spurious, and Low. Each segment of customers appears distinctive characters in terms of trust, commitment, switching cost, cooperation, word-of-mouth endorsement, and proportion of visit.

Empirical tests supported the beliefs that the sub-groups of customer demographic profiles exception from occupation were significantly independent with each segment of customers' loyalty. Customers with different occupation showed a small effect association with four segments of customers' loyalty (true, latent, spurious, and low loyalty).

The results of empirical tests agreed with that there were generally non significant differences among demographic sub-groups of the customer demographic profiles on attitudinal loyalty except from education. The obvious evidence supported the beliefs that customers with different educational level showed significant different attitudinal loyalty. Especially, the customers with post graduate degree might demonstrate stronger attitudinal loyalty than customers with four years college degree.

The empirical tests agreed with the beliefs that the different levels of demographic variables in the customer profiles could not reflect significant differences on behavioral loyalty. It pointed out that the demographic variables could not likely predict any behavioral outcomes of customers' loyalty in current study.

This study accomplished to answer all of research questions related to three research objectives listed above. The scale for each variables used in statistical analysis was checked in reliability, unidimensionality, and convergent validity. According to the characters of each respondent in attitudinal loyalty and behavioral loyalty, the respondents were succeed to be distinguished into the four segments of customer loyalty (true, latent, spurious, and low loyalty). The internal validity, cross-validity, and reliability of the results of the classification of four segments of customers were confirmed.

The obvious positive results in the empirical test (performance exceeding importance) supported that each marketing driver of the Traders Hotel performed better than the degree which the customers would expect it to deliver based on the importance rating.

Fundamental and progressive marketing drivers had positive impacts on attitudinal loyalty and behavioral loyalty. Progressive marketing strategy when compared with fundamental marketing strategy reflected double strong impacts on behavioral loyalty than on attitudinal loyalty. Attitudinal loyalty was confirmed as mediator role between marketing strategy and behavioral loyalty. Empirical results supported attitudinal loyalty had strong positive impacts on behavioral loyalty. The impacts on proportion of visits from marketing drives or attitudinal loyalty could not be identified in this study. The assumption of customer equity theory for marketing drivers predicting positive impacts on customer loyalty was not fully consistent with the supporting evidence.

The confounding variables (demographic variables) effects on dependent variables (segments of loyalty, attitudinal loyalty and behavioral loyalty) were examined in the proposal conceptual model. Demographic variables in customer profiles with the exception of occupation did not present significant associations with four segments of customers' loyalty. The sub groups of customers' demographic profiles could not identify significant differences on behavioral loyalty. Also the subgroups of customers' profiles exception education could not show significant differences on attitudinal loyalty. The exception was that customers with post graduate degrees had stronger attitudinal loyalty than did customers with four year college degrees. In general, the purpose of the study was accomplished.

Limitations and Future Research: There were several limitations to this study. Based on these limitations, this study revealed several opportunities for further research.

First, this study was limited to one five-star business hotel in Kuala Lumpur, Malaysia. In order to understand the complex relationships between customer loyalty and marketing strategy, the external validity was limited. The implication might not be generalized to the other five-star hotels. More efforts related to this research framework could improve the validity to generalize these findings to the hotel industry. Second, based on the literature, this study was restricted to measuring the impacts of marketing drivers on customers' behavioral or attitudinal loyalty. The results seemed to reveal three dimensions of customer loyalty in the hotel industry: attitudinal (trust, commitment, switching cost), behavioral (WOM endorsement, cooperation), and repurchasing (proportion of visits, share of wallet, frequency of purchasing, or duration of relationship). Since the large proportion of segments of loyalty was latent loyal customers, future researchers might be interested in how to increase real purchasing loyalty in the international business hotel. Investigation of longer periods for repurchasing behaviors in the hotel industry was too costly. Longitudinal studies of the relationship between marketing strategy and the actual repurchasing behaviors in the hotel industry are still rare. Third, this study examined only a few marketing drivers related to customer equity. Many other marketing

drivers or related variables affected attitudinal and behavioral loyalty in the hotel industry (host's invitation, food and beverage quality, the lodging policy of the company, personal references). Inserting these marketing drivers into the research framework would reveal the different results of the impacts on customer's performance behaviors or attitudes. In future studies, the structural equation model method might identify the complex relationships of many variables and their measure errors within one proposed model. Finally, the research model adopted the previous study in the marketing drivers, behavioral outcome, or antecedents of customer loyalty. If researchers changed the attributes or variables in the proposed model, the results of empirical tests might be different. Many important attributes are related to attitudinal loyalty and behavioral loyalty (e.g. social influence, customer satisfaction, emotional influence, service recovery, frequency purchasing, duration of stays, and share of wallet) and await research in the hotel marketing.

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