



# Studying the Relationship among Character, Phantasm and Environment with Customers' Loyalty in Iran's Hotel Industry (Case Study: Hotels of Ardabil)

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## ABSTRACT

Customer loyalty is both an attitudinal and behavioral tendency to favor one brand over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply familiarity and comfort with the brand. Competition in service firms is more than manufacturing firms. Loyalty of the hotel's guest is of great importance due to the competitive nature of hotel section. Increasing growth of hotels has increased the importance of guests' loyalty and requires a renewed reservation of the guests in a favorable hotel. Statistical society of this research is the hotels of Ardebil, in the first step sampling is done in cluster form and in the second step sampling is done randomly and clients are available to the selected hotels. The method of this research is descriptive-correlation and the results show that there is a relation among character, phantasm, environment and clients' loyalty in hotel industry.

**Keywords:** Character, Phantasm, Environment, Client's Loyalty, Hotel, Ardabil

**JEL Classifications:** C53, C5, E37, E32

## 1. INTRODUCTION

In most developed countries, the major share of gross domestic product results from services. Usually, there is no gap between the service provider and the client in a service organization. Moreover, the client sees the service process continuously. In manufacturing organizations, clients never see the process of manufacturing the product and do not directly communicate with the manufacturers. The main point is that the client in a service firm understands how the tasks are done. Thus the decisions should be made in relation with the client and how they satisfy the client. Client's role in service providing and manufacturing is not different. Client in providing services is in fact a part of the provided services and without client, providing services is meaningless. Today, service industry experiences extraordinary developments and marketing strategies have changed from obtaining clients into attracting clients (Omidvaram, 2006). Existence of competition among service firms and institutes for getting more share from the market and clients' effort for achieving more satisfaction has caused the firms to look for an excellent situation in the market and the

clients to look for ways for getting to the best providers. There is monogamous loyalty and there is polygamous. There are also behavioral and attitudinal aspects.

### 1.1. Problem Description

Service quality is the critical factor in the business function and long-term profitability of a service firm, because service quality results in clients' satisfaction, thus it has a positive effect on mouth advertising, loyalty and clients' buying intentions. Amidst one of the most firms and institutes which functions in providing services and its role and importance is not hidden to anyone in economy and development are the hotels and it seems that discovering the relation between quality concepts and client satisfaction and character and hotel's environment can enhance and improve the level of the services provided by the hotels and satisfies the clients more. Therefore, it can be concluded that quality of the service specially in hotels is one of the most important factors on clients' satisfaction which will be followed by clients' loyalty. Loyalty of the hotel's guest is of great importance due to the competitive nature of hotel section. Increasing growth of hotels

has increased the importance of guests' loyalty and requires a renewed reservation of the guests in a favorable hotel. Since character describes the psychologic features of people, it plays an important role in clients' behavior (Dev and Heesup, 2014).

Since competition in hotel section is very high and hoteliers are always thinking to increase their guests' loyalty and their second reservation, the main problem in hotel industry is how to create a competitive advantage and increase the guests' loyalty and managers look for defining the factors which increase the guests' loyalty and satisfaction and this is a major problem in hotel industry (a service industry with high competition which requires to create a competitive advantage by increasing the guests' loyalty and attracting potential clients). The factors which influence the guests' loyalty include: Fair prices, guest character, client's satisfaction, and phantasm of the clients, service quality and hotel's environment (Dolatkhah, 2003). Loyalty, guest's commitment for trading with a specific organization are defined repeatedly. Variables of this research include guests' character, phantasm of the guests, service quality and loyalty of the hotel's clients. Customer loyalty encourages consumers to shop more consistently, spend a greater share of wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment.

## 1.2. Character, Phantasm, Environment and Clients' Loyalty

Client's satisfaction is one of the common variables because of its extraordinary impact on client's behavior including second and issuing positive views among new clients about a product or service. Researchers have found that client's satisfaction depends on factors such as service environments, price and consumption. Effect of clients' satisfaction on his loyalty is very important. Loyalty is divided to cognitive, effective, behavioral and operational phases. Environment's condition which is a part of the vast set of providing service has a great impact on client's satisfaction and his phantasm. A convenient environment increases the client's satisfaction and creates a favorable image in the clients (Dev and Heesup, 2014). Measuring the service quality in clients' view and their satisfaction are the internal actions which show the organizations' direction towards quality. In describing the importance between service quality and clients' satisfaction it is sufficient to consider the clients' satisfaction as the most important preliminaries of the managers and their commitment as the prerequisite of success. Service quality is the critical factor in the business function and long-term profitability of a service firm, because service quality results in clients' satisfaction, thus it has a positive effect on mouth advertising, loyalty and client's buying intentions. In service organizations, service quality is one of the most important factors in increasing the satisfaction level and loyalty of the clients. In recent years, different businesses, from small firms to international firms, have understood the importance of loyalty of the clients. In general, client's loyalty is important from many aspects. Loyal clients help hotels to define the predictable proceed of sale and increasing profit. In addition, clients who are familiar with business name of hotel, will recommend it to their friends and family and affect the feedback cycle and service evaluation and these items are critical in today's marketing environment (Taj Zadeh-Namin et al., 2011).

Since competition in hotelier section is very high and hoteliers look for increasing the guests' loyalty and attract them for a second reserve in their hotels, thus the main problem in hotelier industry is how to create competitive advantage and increase clients' loyalty. Managers and planners look for defining the factors relevant to increasing the loyalty and guests' satisfaction and this is a basic problem in hotelier industry of a country (a service industry with high competition and needs competitive advantage by increasing the clients' loyalty and attracting the potential clients) and needs scientific research. The factors which are effective on client's loyalty include: Fair prices, guest character, client's satisfaction, and phantasm of the clients, service quality and hotel's environment (Dolatkhah, 2013). Loyalty and guest's commitment for trading with a specific organization are defined repeatedly. Measuring the service quality based on clients' view and their satisfaction is one of the internal tasks which demonstrates the organizations' direction towards quality. In describing the importance between service quality and clients' satisfaction it is sufficient to consider the clients' satisfaction as the most important preliminaries of the managers and their commitment as the prerequisite of success. Phantasm means the image of a brand formed in one's mind which results from his previous experiences. Character means the personality of the client including his being behavioral, introverted,... (Taj Zadeh-Namin et al., 2011). A look at these concepts will clarify what "customer loyalty" really is, and this is important because having a solid understanding of the concept is critical if one hopes to design a reward program where loyalty enhancement is the primary objective. As identified by the researchers that customer loyalty as a construct is comprised of both customers' attitudes and behaviors. Customers' attitudinal component represents notions like: Repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor (Feick and Lee, 2001).

## 2. LITERATURE REVIEW

- a. In a research done by Dev and Heesup (2014), "investigating the relationship between phantasm, character, subjective perception and environment on satisfaction and loyalty of the clients in hotelier industry," a positive relation between dependent and independent variables was observed (Dev and Heesup, 2014).
- b. In a research done by Allameh and Noktedan in 2010, "investigating the effect of service quality on clients' loyalty in Isfahan's hotels," it was found that there is a positive and significant relation between service quality and client's loyalty. In addition, the findings show that variables of trust and satisfaction play the role of a mediator in relation with service quality and loyalty and they also have a positive and significant impact on creating loyalty (Allameh and Noktedan, 2010).
- c. In a research done by (Taj Zadeh-Namin et al., 2011), "investigating the factors relevant to loyalty of Iranian clients which was done in 5 star hotels of Iran," the following results were obtained: Complementary services with a positive correlation coefficient of 0.546 which has maximum relation with loyalty and its indices based on importance include

efficient laundry services, possibility of reserving room and other hotel services like Internet, parking for guests, payment through credit card, providing facilities for holding conferences, accessing information technology, using electronic cards instead of key and accessing facilities in emergency conditions (Taj Zadeh-Namin et al., 2011).

### 2.1. Research Hypothesis

There is a relationship between clients' character, phantasm, service quality (hotel's environments) and clients' loyalty in Iran's hotelier industry.

### 2.2. Conceptual Model of the Research

Variables of this research include independent variables of character, phantasm, service quality and hotel's environments and dependent variables include clients' loyalty. Conceptual model of the research (Figure 1).

## 3. RESEARCH METHOD

The current research is an application research. This research is among descriptive-correlation researches (Sarmad et al., 2003).

### 3.1. Data Aggregation Tools

In this research: (A) for completing the theoretical principles, library sources and Internet including books and articles and theses are used. (B) In collecting the data related to satisfaction and loyalty of the clients, a questionnaire is used. (C) In collecting the data related to phantasm and character of guests and hotel environments, a questionnaire is used.

### 3.2. Stability (Credibility)

Tools' ability to preserve their stability during time (despite unacceptable conditions of test control and self-responding conditions) demonstrates their stability and their little variability. There are two ways for evaluating stability. Credit of re-evaluation and credit of compatibility (Sekaram, 2002). The most well-known test for compatibility credit of the components is Kronbach's alpha coefficient.

### 3.3. Kronbach's Alpha

For calculating the internal compatibility of tools including questionnaires, Kronbach's alpha is used. Kronbach's alpha coefficient states that whether the questions overlap or have the same direction and the responders have also replied accurately and with awareness.

For a research test, obtaining stability higher than 0.6, is suitable. Stability of the first questionnaire is 0.792 and stability of the second questionnaire is 0.845 which are acceptable because they are higher than 0.7 (Momeni, 2007).

### 3.4. Validity

Validity defines how much the provided tools measure the considered concept. Contents' validity assures whether there are enough questions for evaluating the considered concept and the outward validity shows that the evaluated items have the ability to measure the considered concept (Sekaram, 2002).

### 3.5. Validity of the Questionnaire

In order to increase the outward validity, the experts were asked to fill the questionnaires. In order to evaluate the validity, questionnaires were distributed among seniors and managers of Pars Khazar and their idea about agreement with each criterion in the proposed framework were asked in terms of qualitative numbers from 1 to 5 and its structural drawbacks were detected and the required modifications were performed.

### 3.6. Society and Statistical Sample

The statistical society of this research includes hotels of Ardebil and sampling is first done in clusters and in the next step, sampling is done randomly.

## 4. RESULTS

In this research, relation between clients' character, phantasm, service quality (hotel environments) and clients' loyalty in Iran's Hotel Industry is investigated by: Defining the multiple regression equation which can predict the amount of dependent variable of clients' loyalty in Iran's Hotel Industry with the presence of dependent variables including character, phantasm and service quality.

Result of the multi-variable regression test includes 4 outputs. First output is the independent variables and the removed variables and shows the used method in defining the regression (Table 1).

The second output presents multi-correlation and definition coefficient and the normalized definition coefficient and the estimate error respectively (Table 2).

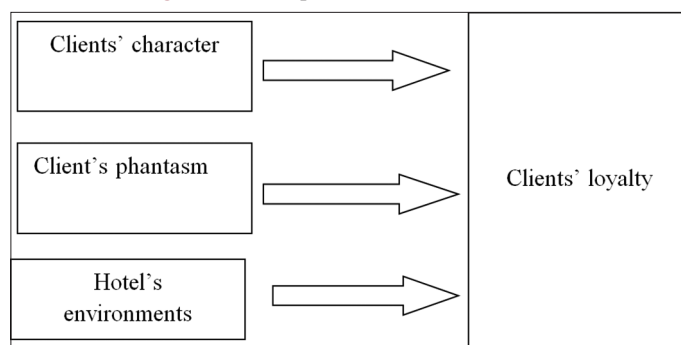
The third output containers regression variance analysis in order to investigate the certainty of the relation between variables. Here, since sig (significance) is <5%, linearity assumption is verified (Table 3).

In the fourth output and in column B, regression coefficients and the constant value are presented. Here, multi-variable regression coefficient is as follows (Table 4):

$$\hat{Y}=3.902+0.465x_1+0.620x_2+0.637x_3$$

Other output columns includes the following items: Standard error of column B, beta (standardized coefficients which

Figure 1: Conceptual model of the research



**Table 1: Variables entered/removed<sup>b</sup>**

Model	Variables entered <sup>a</sup>	Variables removed	Method
1	Personality, illustration, environment		Enter

<sup>a</sup>All requested variables entered. <sup>b</sup>Dependent variable: Loyalty

**Table 2: Model summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate
Dimension 0	1	0.430 <sup>a</sup>	0.185	0.166
			0.166	0.403

<sup>a</sup>P<0.05

**Table 3: ANOVA<sup>b</sup>**

Model	Sum of squares	Df	Mean square	F	Sig.
1					
Regression	5.355	3	1.762	11.048	0.000 <sup>a</sup>
Residual	23.578	146	0.171		
Total	28.923	149			

<sup>a</sup>P<0.05

**Table 4: Co-efficients<sup>a</sup>**

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Standard error	Beta		
1					
(Constant)	3.903	0.248		15.633	0.000
Personality	0.469	0.096	0.630	4.763	0.000
Illustration	0.621	0.123	0.630	4.942	0.000
Environment	0.436	0.074	0.655	0.484	0.000

<sup>a</sup>Dependent variable: Loyalty

show the variance in the dependent variable for a change in the dependent variable), and the larger its absolute value, the relation between dependent and independent variables is stronger. Statistics columns t and sig are presented to the test the equality assumption of the coefficients in column B to zero. In order to compare the effects of three variables in the regression model on the dependent variable, only the standard coefficients are used. Standardized coefficients show that the absolute value of

the dependent variable has the highest impact on loyalty of the clients and for 1 unit change in this variable, clients' loyalty changes 0.664.

## 5. CONCLUSION

According to the test, there is a significant relation between clients' character, service quality and clients' loyalty in Iran's Hotel Industry. And the research's assumption is verified and the relation between dependent and independent variables is direct and service quality has the highest impact on dependent variable of loyalty and the smallest relation is between clients' character and loyalty. Therefore, hoteliers should take care of service qualities to compete with competitors in other countries so that they can use this variable as the most important factor for obtaining competitive advantage over other competitors.

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