THE EFFECT OF CUSTOMER SATISFACTION ON BRAND LOYALTY IN SOME THREE STAR HOTELS SURVEYED IN BANGKOK: APPLICATION OF STRUCTURAL EQUATION MODELING (SEM)

By

MAY RUM

A Thesis submitted in partial fulfillment of the requirement for the degree of

Master of Business Administration

Graduate School of Business
Assumption University
Bangkok, Thailand
July
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Abstract

This research study was conducted to examine the relationships among customer satisfaction, attitudinal brand loyalty, and behavioral brand loyalty. The primary purpose of this study was to investigate the mediating effects of attitudinal brand loyalty which includes cognitive-affective-conative brand loyalty on the relationship between customer satisfaction and behavioral brand loyalty of moderate class hotels (3 star) in Bangkok, from foreign visitors.

Customer satisfaction was considered as the independent variable while behavioral brand loyalty was dependent variable. The attitudinal brand loyalty including cognitive-affective-conative brand loyalty stages was conducted as mediating variable between customer satisfaction and behavioral brand loyalty.

In this study, the self-administered questionnaires were distributed to 410 foreign visitors who stayed in moderate class hotels (3 star) from Bangkok area and 400 completed questionnaires were used in the analysis of data by Structural Equation Modeling (SEM) using AMOS 6 program. The outputs of descriptive statistics for demographic profile of respondents, Confirmatory Factor Analysis (CFA), and hypothesized structural equation and model testing were mentioned.

The results showed that there is no direct relationship between the customer satisfaction and behavioral brand loyalty. However, the findings of this investigation suggested that customer satisfaction had a significant indirect relationship with behavioral brand loyalty when mediated by attitudinal brand loyalty.

Thus, the hotel management should consider on attitudinal process which includes beliefs, feelings, and intention to purchase. Moreover, they should focus on the attitudes
of the existing customers toward the brand and to identify any needs that should be fulfilled. In addition, the management should consider the customers’ perception of their brand and not rely solely on purchasing frequencies when measuring brand loyalty levels.
Acknowledgement

“I can do all things through Christ who strengthens me”. Philippians 4:13

I have been very fortunate to have been guided by Assistant Professor Dr. Myint Thein, my supervisor, who generously gave his valuable advice and suggestions for improving this study. Furthermore, he has shown great patience in dealing with my efforts. I would like to express my gratitude also to Dr. Gupta who has taught me a lot to improve my working method and has been very willing to coordinate my ongoing efforts until he left the Assumption University.

A special thanks should be made to Dr. Theingi who has shared her precious time and helped me about AMOS program and SEM statistical part. Without her help this thesis could not have been completed. All of them have shown great enthusiasm and flexibility and offered inspiration and priceless insights during the process, from which the end-product has benefitted greatly. In this place, I would like to thank them dearly for this.

Moreover, I would like to thank the proposal committee members Dr. Mathur, Dr. Jakrin and Dr. Chittipa for their precious advice and comments. I also would like to express my heartfelt respect to the final thesis committee members Dr. Theerachote, Dr. Adarsh and Associate Professor Sangsunt, who have given me their helpful comments, suggestions and precious time. I also would like to express special thanks to Dr. Ismail for his advice and suggestion.

Last but not the least, I also want to express gratitude to my beloved Mom, Dad, Ah Ba and Ah Bawk who provided me strong spiritual encouragement, their prayers and allowing me to see matters in a healthy perspective. Indeed, without the financial support from my brother, Dingrah Khinsar, this paper as well as this program cannot have been completed successfully. For this I want to thank my brother with all my heart.

May Rum
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>i</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>ii</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>iv</td>
</tr>
<tr>
<td>List of Tables</td>
<td>vii</td>
</tr>
<tr>
<td>List of Figure</td>
<td>ix</td>
</tr>
</tbody>
</table>

## Chapter 1: Introduction of Study

1.1.1 Background of Tourism Industry in Thailand                          1
  1.1.1.1 The Nature of Hotel Business                                    5
  1.1.2 Customer retention in hotel business                             8
  1.1.3 Importance of Brand Loyalty in hotel industry                   10
1.2 Statement of the Problem                                              11
1.3 Research Objective                                                   14
1.4 Scope of the Research                                                14
1.5 Limitation of the Research                                           15
1.6 Significant of the Study                                             15
1.7 Definition of the Terms                                               16
1.8 Conclusion                                                           18

## Chapter 2: Literature Review

2.1 Customer Satisfaction                                                19
2.2 Brand and Loyalty                                                    21
2.3 Relationship between Customer Satisfaction and Brand loyalty         24
  2.3.1 Intervening factors on Customer Satisfaction and Brand Loyalty   26
2.4 Classification of Brand Loyalty                                      28
  2.4.1 Attitudinal Brand Loyalty                                        29
  2.4.2 Behavioral Brand Loyalty                                         31
  2.4.3 Relationship between attitudinal brand loyalty and               32
behavioral brand loyalty

2.5 Empirical Findings

2.5.2. Personal Characteristics as Moderators of the Relationship Between Customer Satisfaction and Loyalty (2001) 36
2.5.3. Customer Satisfaction, Attitudinal Brand Loyalty and Behavioral Brand Loyalty (2003) 37

2.6 Conclusion 40

Chapter 3: Research Framework

3.1 Introduction 42
3.2 Diagram of Conceptual Framework 43
3.3 Explanation of Conceptual Framework 45
3.4 Research Hypotheses 48
3.5 Operationalization of Variables 50

Chapter 4: Research Methodology

4.1 Research Method: Sample Survey 53
4.2 Respondents and Sampling Procedures 54
4.2.1 Target Population 54
4.2.2 Sampling Unit 54
4.2.3 Sampling Method 54
4.3 Collection of Data 56
4.4 Research Instruments/Questionnaires 57
4.5 Pre-Testing 61
4.5.1 Reliability Test 61
4.6 Statistical Treatment of Data 62
4.6.1. Descriptive Statistics 63
4.6.2. Structural Equation Modeling (SEM) 64
4.7 Summary and Conclusion 66
Chapter 5: Data Analysis and Discussion of Results

5.1 Descriptive of Samples
   5.1.1 Demographic Profile
   5.1.2 Usage of Variable names for Descriptive and SEM analysis
   5.1.3 Descriptive Statistics of Observed Variables
   5.1.4 Descriptive Rating and Output for Latent Variables

5.2 Hypothesis Testing (SEM Analysis)
   5.2.1 Two Step Approach
   5.2.2 Confirmatory Factor Analysis (CFA) or Measurement Model
   5.2.3 Assessing fit of the Model
   5.2.4 Model Modification
   5.2.5 Result of CFA for One-Factor Models
   5.2.6 Composite Reliability Test
   5.2.7 Structural Equation Modeling Analysis
      5.2.7.1 The Structure Model
      5.2.7.2 The Rival Model

5.3 Result of Hypothesis Testing

Chapter 6: Summary of Findings, Recommendations, and Conclusions

6.1 Summary of Findings
   6.1.1 Descriptive Analysis for Demographic Profile
   6.1.2 Descriptive Analysis for Latent Variables
   6.1.3 Structural Model Results

6.2 Conclusions

6.3 Recommendation and Managerial Implication

6.4 Limitation and Suggestion for Further Study

Bibliography

Appendix A: Questionnaire
## List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Hotel Classification in Thailand</td>
<td>7</td>
</tr>
<tr>
<td>2.1 Summary of Empirical Studies</td>
<td>40</td>
</tr>
<tr>
<td>3.1 Summary of dependent and independent variables</td>
<td>48</td>
</tr>
<tr>
<td>3.2 Operationalization of Independent Variable and Dependent Variable</td>
<td>51</td>
</tr>
<tr>
<td>4.1 Summary of Reliability Testing Result</td>
<td>62</td>
</tr>
<tr>
<td>5.1 Frequency Distribution of Gender</td>
<td>68</td>
</tr>
<tr>
<td>5.2 Frequency Distribution of Age</td>
<td>69</td>
</tr>
<tr>
<td>5.3 Frequency Distribution of Nationality</td>
<td>70</td>
</tr>
<tr>
<td>5.4 Frequency Distribution of Tourist Type</td>
<td>71</td>
</tr>
<tr>
<td>5.5 Descriptive statistics of Observed Variables or Indicators</td>
<td>74</td>
</tr>
<tr>
<td>5.6 Summary of Descriptive Output for Latent Variables</td>
<td>75</td>
</tr>
<tr>
<td>5.7 The goodness-of-fit Statistics</td>
<td>81</td>
</tr>
<tr>
<td>5.8 Goodness-of-fit summary for Customer Satisfaction (CFA)</td>
<td>83</td>
</tr>
<tr>
<td>5.9 Result of CFA for Customer Satisfaction Model</td>
<td>84</td>
</tr>
<tr>
<td>5.10 Goodness-of-fit summary for Cognitive Brand Loyalty (CFA)</td>
<td>85</td>
</tr>
<tr>
<td>5.11 Result of CFA for Cognitive Brand Loyalty</td>
<td>86</td>
</tr>
<tr>
<td>5.12 Goodness-of-fit summary for Affective Brand Loyalty</td>
<td>87</td>
</tr>
<tr>
<td>5.13 Result of CFA for Affective Brand Loyalty</td>
<td>87</td>
</tr>
<tr>
<td>5.14 Goodness-of-fit summary for Conative Brand Loyalty</td>
<td>88</td>
</tr>
<tr>
<td>5.15 Result of CFA for Conative Brand Loyalty</td>
<td>89</td>
</tr>
<tr>
<td>5.16 Goodness-of-fit summary for Multifactor Model (CFA)</td>
<td>91</td>
</tr>
<tr>
<td>5.17 Result of CFA for Multifactor Model</td>
<td>91</td>
</tr>
<tr>
<td>5.18 Result of Composite Reliability Test</td>
<td>92</td>
</tr>
<tr>
<td>5.19 Goodness-of-fit summary for Structure Model</td>
<td>94</td>
</tr>
<tr>
<td>5.20 Regression Weights of Structure Model</td>
<td>95</td>
</tr>
<tr>
<td>5.21 Squared Multiple Correlations for Structure Model</td>
<td>96</td>
</tr>
<tr>
<td>5.22 Goodness-of-fit summary for Rival Model</td>
<td>98</td>
</tr>
<tr>
<td>5.23 Regression Weights of Rival Model</td>
<td>98</td>
</tr>
</tbody>
</table>
6.1 Summary of Hypothesis Testing Results from SEM Analysis  
6.2 Table of Operational Components and Strategies
## Lists of Figure

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Flow of International Tourist arrival from the year 2000 – 2007</td>
<td>2</td>
</tr>
<tr>
<td>1.2 Tourist average length of stay in Thailand from the year 2000 – 2007</td>
<td>3</td>
</tr>
<tr>
<td>1.3 Chart of average revenue from tourism from the year 2000 – 2007</td>
<td>4</td>
</tr>
<tr>
<td>1.4 Tourist average expenditure per person per day from the year 2000 – 2007</td>
<td>5</td>
</tr>
<tr>
<td>2.1 Intervening factors on relationship between customer satisfaction and brand loyalty</td>
<td>27</td>
</tr>
<tr>
<td>2.2 A Conceptual Model of Brand Loyalty</td>
<td>28</td>
</tr>
<tr>
<td>2.3 The Relationship of two dimensional Brand Loyalty</td>
<td>33</td>
</tr>
<tr>
<td>2.4 Relationship between Satisfaction and Loyalty in different Industries</td>
<td>36</td>
</tr>
<tr>
<td>2.5 Diagram of a Brand Loyalty Model and Customer Satisfaction</td>
<td>39</td>
</tr>
<tr>
<td>3.1 Diagram of Conceptual Framework</td>
<td>44</td>
</tr>
<tr>
<td>5.1 Gender</td>
<td>68</td>
</tr>
<tr>
<td>5.2 Age</td>
<td>69</td>
</tr>
<tr>
<td>5.3 Nationality</td>
<td>70</td>
</tr>
<tr>
<td>5.4 Tourist Type</td>
<td>71</td>
</tr>
<tr>
<td>5.5 CFA of Customer Satisfaction (SAT)</td>
<td>82</td>
</tr>
<tr>
<td>5.6 CFA of Cognitive Brand Loyalty (COG)</td>
<td>84</td>
</tr>
<tr>
<td>5.7 CFA of Affective Brand Loyalty (AFF)</td>
<td>86</td>
</tr>
<tr>
<td>5.8 CFA of Conative Brand Loyalty (CON)</td>
<td>87</td>
</tr>
<tr>
<td>5.9 Multifactor CFA Model</td>
<td>90</td>
</tr>
<tr>
<td>5.10 Hypothesis Structure Model</td>
<td>94</td>
</tr>
<tr>
<td>5.11 Rival Model</td>
<td>97</td>
</tr>
</tbody>
</table>
CHAPTER 1
INTRODUCTION

1.1 Background of Tourism Industry in Thailand

At the beginning of this study, it would be required to introduce the background knowledge of the hotel industry in Thailand. A major campaign to promote industry and commerce in Thailand, beginning in the late 1970s, has driven the modernization of the economy with tremendous growth in manufacturing, technology, foreign investment and in tourism industry. As Thailand promotes country’s economy, the tourism and hospitality industry continues to play a major role in the economic and social development of the country.

It is found that the number of foreign visitors to Thailand has steadily increased, result with the “Golden Decade” of Thai tourism during the period 1987-1996. Consequently, the hospitality industry becomes a crucial revenue generator for the country, and the hotel industry constitutes a major segment of the growing hospitality industry in Thailand. The country is known for the hospitality of its people, its beautiful landscapes, its ancient culture, delicious cuisine and safety. It offers a wide variety and an abundance of accommodations with international hotel chains in the main tourist cities such as Bangkok, Phuket, ChiangMai and Pattaya. (http://www.atta.or.th/news/number/)

According to the Association of Thai Travel Agents, there has been a dramatically increasing tourist arrival to Thailand from year 1999 to 2006, from over 8.3 million to 12.32 million. It means that the tourist arrival increased almost double fold during that period. It is surprising that in spite of the financial crisis the country has started in the region, tourism arrival has been increasing steadily its aftermath (Figure 1.1).
Again, tourist average length of stay in Thailand increase steadily from 7.90 days in the year 1999 to 9.10 days in 2006. It reached its peak of 8.19 days in 2003 but slightly fell to 8.13 days in 2004 and increased again 8.20 days in 2005. From 2001, tourist length of stay picked up from 8.20 days to 9.10 days in 2006 (Figure 1.2). From various travel literature, it is learnt that many of the tourists are repeating tourists fascinated with Thailand’s beauty and attractions. However, the researcher has not found out whether the tourists or business traveler stay in the same hotel.
As tourist length of stay dramatically increased during that period, average revenue from tourism also increased steadily except in year 2003. Thus in 2006 tourism generated revenue of nearly 4 million baht for the country (Figure 1.3).
Although the tourist arrival is fluctuated during that period, in terms of average expenditure per tourist per day, it increased steadily from 3,750 baht in 1999 and, it is continued increasing to 4150 baht in 2004 as shown in Figure 1.4.

Source of Data: http://www2.tat.or.th/stat/download/1206/revenue.xls.(16/06/07)
From these analysis and figures, it can be concluded that Thailand’s tourism, in terms of arrival, length of stay, revenue and average expenditure, has progressed admirably despite the dangers of SARS and terrorism in the region.

1.1.1 The Nature of Hotel Business in Thailand

Hotel business is the core of the tourist service industry. It needs to provide the high quality of services to satisfy the current and new customer needs in order to compete with other competitors. With the highly competitive position in the hotel industry in Thailand, every hotel tries to gain as high market shares as possible providing better service than their competitors within each class.
Since Thailand is strongly competitive in this business, every hotel tries to attract customers by offering superior service in the mind of customers. They try to provide the highest comfort and convenience to the customers. In addition, managers put efforts to lure customers come again or repurchase in its service order to sustain its business and profitability.

According to Tourism Authority of Thailand (TAT), the country has more than 2500 hotels and other types of accommodation with over 100,000 rooms in major tourist destinations. Bangkok alone has over 70,000 rooms of all sorts and Pattaya, which is the second most popular tourist destination after Bangkok, has about 20,000 hotel rooms. Other northern provincial capital of Chiang Mai and southern cities has many four-star hotels too. (http://www1.thaimain.org/en/intro/tourism.html).

The Thai tourism industry has recognized the importance of setting a consistent standard for hotels in order to increase Thailand's competitive potential on the international stage. In March 2004, the Thai hotel industry took a major step forward with the first 84 Thai hotels being awarded a ‘star rating’ following their voluntary participation in the country's first ever hotel standard certification program.

There are different types of hotels ranging from international to resort hotels catering to the increasing demand of the customers. The hotels have such ranging from five star to one star depending upon the facilities and services provided. The hotels range in quality from premium, moderate and low budget guesthouses. Five star and four star hotels represent premium, three stars represent moderate and, one- and two star represent low budget. Supplementary accommodation can be described as the premises which offer accommodation but not the services of a hotel (Tourism Authority of Thailand, 2004).
According to the rating of Tourism Authority of Thailand (TAT) up to the year 2005, there are 28 hotels for five star rating, 40 hotels for four star rating, 47 hotels for three star rating and 5 hotels for two star rating respectively as shown in Table 1.1. Although the total number of hotels in Thailand is more than the figure shown from the table, the following figures are star awarded rating hotels based on international "hotel standard". Therefore these hotels are also universally-recognized and internationally-accepted.

**Table 1.1 Hotel Classification in Thailand**

<table>
<thead>
<tr>
<th>Star Attribute</th>
<th>Class</th>
<th>Service Provided</th>
<th>No. of Hotels Awarded Star Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Star</td>
<td>Low Budget</td>
<td>Hotels in this classification are likely to be small and independently owned. Services may be provided by the owner with an informal basis. There may be a limited range of facilities and meals may be fairly simple. Maintenance, cleanliness and comfort should, however, always be of an acceptable standard.</td>
<td>Not Available</td>
</tr>
<tr>
<td>Two Star</td>
<td>Low Budget</td>
<td>Hotels are typically small to medium sized and offer more facilities than one star level. Comfortable, well equipped, usually with an en-suite shower room. Reception and other staff have a more professional presentation than one star level. It offers a wider range of services, including food and drink.</td>
<td>5</td>
</tr>
<tr>
<td>Three Star</td>
<td>Moderate</td>
<td>Hotels are of a size to support higher staffing levels, a significant greater quality and range of facilities than at the lower star classifications. Reception and other public rooms are more spacious and the restaurant will normally also cater for non-residents. All bedrooms will have fully en suite bath and shower rooms. Offer a good standard of comfort and equipment, such as a hair dryer, direct dial telephone, toiletries in the bathroom. Some room service can be expected, and some provision for business travelers.</td>
<td>47</td>
</tr>
<tr>
<td>Four Star</td>
<td>Premium</td>
<td>This level includes a degree of luxury as well as quality in the furnishings, décor and equipment, in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels with well designed. The ensuite bathrooms will have both bath and fixed shower. There will be a high level of services like porterage, 24-hour room service, laundry and dry-cleaning. The restaurant will demonstrate a serious approach to its cuisine.</td>
<td>40</td>
</tr>
<tr>
<td>Five Star</td>
<td>Premium</td>
<td>Spacious and luxurious accommodation throughout the hotel, matching the best international standards. Interior design should impress with its quality and attention to detail, comfort and elegance. Furnishings should be immaculate. Services should be formal, well supervised and flawless in attention to guests' needs, without being intrusive. The restaurant will demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff will be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy.</td>
<td>28</td>
</tr>
</tbody>
</table>

Data Sources: [http://www.tatnews.org/tourism_news/2134.asp#c(19/06/07)](http://www.tatnews.org/tourism_news/2134.asp#c(19/06/07))
As the hotel industry constitutes a major segment of a growing hospitality industry in Thailand and generate crucial revenue for the country, it would be beneficial to focus the research on hotel industry rather than other industries.

Again, the researcher narrows down the focus on moderate class hotels (3 star) for the following considerations.

(1) Among the five classification of the hotels, the three star hotels constitute the highest number so that it will be effective to focus the customers of three stars hotel in this study.

(2) The guest of one star and two star hotels normally stay in these hotels mainly for the low cost. So that it may not be easy to locate loyal customers among these population.

(3) It is not easy to approach for questionnaire to patrons of five and four stars hotels because most of them are wealthy people and busy people. They will not be able to allow a considerable time for questionnaires. The guests of the three stars hotels are usually middle class tourists. It is expected that they will give better cooperation with the questionnaire of the research.

(4) As it will not be feasible to study all classes of hotels in one project, the researcher proposes to focus on moderate class only.

1.1.2 Customer Retention in Hotel Business

“To succeed or win in today’s marketplace, companies must be customer centered; they must deliver superior value to their target customers.” (Kotler, 2003) The customers have a chance to choose the marketing offer that gives them the most value. The customers are value-maximizers, within the bounds of search costs, limited knowledge and income. They form expectation of value and act upon them. Then they compared the actual value they received in consuming the product to the value expected, and this effects their satisfaction and repurchase behavior or become loyal customer. Once
customers are satisfied with what they receive they will easily come back to the same hotel. Customer satisfaction is a requisite for loyalty.

Customer satisfaction is a basic marketing concept defined as the notion of satisfying the needs and desires of consumers (Spreng, Mackenzie, and Olshavsky, 1996). It refers to customers’ overall judgment, including service features, the service product, sales personnel, or other situation variable (Cardozo, 1965).

The customer’s expectations must be met or exceeded in order to build loyalty. Satisfied customers are always generating positive word-of-mouth advertising too. Moreover, it is generally believed to cost more to gain a new customer than it does to retain an existing one (Gummensson, 1994, Blodgett, Wakefield and Barnes, 1995). “The key to customer retention is measured by focusing on understanding customer’s needs” (Jamieson, 1994). The importance of customer retention is clear. Jamieson reports that a 2 per cent improvement in customer retention has an impact on profit equal to a 10 percent reduction in overheads. Reichheld (1996) found that a 5 percent increase in customer retention raised the value of each customer by 25-90 per cent. Therefore, in hotel industry, customer retention and loyal customer are two important factors to succeed among competitors.

By those studies the researcher comes to understand that the most important function in hotel business is to keep and retain customers by satisfying their needs.

1.1.3 Importance of Brand Loyalty in Hotel Industry

“Brand” in hotel industry refers to a logo or name representing a hotel chain or independent names such as Royal Princess, Novotel or Holiday Inn. Brand reflects the
image or quality of the service provided by a particular chain or unit. Traditionally, loyalty has been referred as repeat purchase behavior and/or the experience of a favorable attitude toward such behavior (Jacoby and Chestnut, 1978). Thus brand loyalty is the behavioral outcome of a customer, preferred for a particular brand from a selection of similar brands, over a period of time. It is the result of an evaluative decision process of customers.

Once customers have made a decision about a brand, they are often loyal to that brand, continue to use it in the future, recommend it to friends, and choose the brand over others, even those with better feature and lower prices (Assael, 1995).

Loyal customers are the best guests for the hotels because they are easier to serve than non loyal-customers and, they provide higher profitability. Reichheld (1996), in his book, The Loyalty Effect, explains the advantages of brand loyalty as follows:

(a) **Continues Profit:** The advantages of customer loyalty are long-term and cumulative. The longer a customer remains loyal, the more profit a business can get from that single customer.

(b) **Reduces Marketing Cost:** Businesses have to invest money to attract new customers, such as advertising. For loyal customers, these costs are eliminated or minimized.

(c) **Increases per customer revenue growth:** Customer spending tends to increase over time. For example, a customer who repeatedly stays at the same hotel becomes more familiar with the hotel’s full product line, such as gift shops and banquet rooms. And that customer will be likely to sample other product lines of the company, thus helping the hotel achieve a larger share of customers.
(d) **Decreases Operating Cost:** For a loyal customer the front desk staff does not need to spend time entering data into the computer because it has the existing data for the loyal customers. Loyal customers’ familiarity with the company’s products makes them less dependent on its employees for information and service, thus decreasing servicing cost.

(e) **Increases referrals:** Satisfied customers recommended the business to friends and others. Referrals are a vital source of new customers, and customers who show up on the strength of a personal recommendation tend to stay longer.

(f) **Increases price premiums:** Brand loyalty customers pay more for a brand because they perceive some unique value in the brand that no other alternative can provide, and they are less likely to be lured away by a discount of a few dollars. Many people will pay more to stay in a hotel they know than to take a chance on a less expensive competitor.

(g) **Provides competitive advantage:** As consumers become loyal to a brand, they become less sensitive to the price increasing. The hotel can maintain a price differentiation over the competition because of the product’s ability to satisfy their needs.

1.2 **Statement of the Problem**

Thailand hotel industry today become highly competitive business, every hotel tries to gain more market share as much as possible through various business strategies. The use of hotel facilities such as room, restaurant, bar, nightclub, is no longer considered
a luxury, today. For many people these services have become an integral component of lifestyle.

One of the greatest challenges facing hotel organizations today is the ever growing competition. Competition has had major implications for the customer providing more choices, greater value for money and augmented levels of service. In order to gain a competitive advantage most hotel managers use two strategies; low cost leadership through discounting and developing brand loyalty by providing unique benefits to customers. Those hotels attempting to improve their market share by discounting price in order to satisfy the customers, however, many hoteliers realized there is a negative impact on the hotels’ long term profitability. Many other studies illustrate that the most important factor in the hotel industry is to develop customer loyalty rather than relying solely on pricing strategies. As a result, it is important for hotelier to maintain brand loyalty with existing customers to differentiate itself from its competitors and to reduce marketing costs associated with attracting new customers.

Peter and Olson (1993) postulates that a negative attitude about hotel performance makes customers to switch to other hotels, indicating that attitude about hotel performance is a good predictor of brand loyalty and brand switching. A couple of researchers have shown that a 5 percent increase in brand loyalty can produce a profit increase of 25 percent to 85 percent (Reichheld and Sasser, 1990). The hoteliers believe that organizations can improve their profits by satisfying customers. However, since there is no guarantee that satisfied customers will come back. Therefore the satisfied customer alone is not enough. Thus, it is obvious that a true brand loyalty is significantly more important than customer satisfaction in order to maximize the hotels’ profit.
In order to understand the relationship between customer satisfaction and brand loyalty the following questions need to be answered.

1. Will satisfied guests subsequently stay after they were satisfied with the service provided by that particular hotel (brand)?
2. If so, why satisfied guests stay again and become behaviorally loyal in that particular hotel (brand)?
3. Is there any indirect effect of customer satisfaction on actual behavioral brand loyalty?
4. Is behavioral brand loyalty the effect of attitudinal brand loyalty?

In this study, therefore, the researcher needs to determine whether it has the direct effect of customer satisfaction that results into behavioral brand loyalty significantly or not. Since a brand loyalty is a function of both behavior and attitudes, this research will also investigate the effect of customer satisfaction on behavioral brand loyalty by mediating with attitudinal brand loyalty which will be viewed as developing in three phases – cognitive, affective, and conative brand loyalty.

Finally, it will investigate the antecedents of brand loyalty by developing a structural equation model of brand loyalty, based on Oliver’s (1997) brand loyalty stages and Heskett, Sasser, and Schlesinger’s (1997) curvilinear relationship between customer satisfaction and repeat purchasing behaviors.

Thus, the research problems are to find out the direct relationship between customer satisfaction and behavioral brand loyalty, the relationship between customer satisfaction and behavioral brand loyalty mediated by attitudinal brand loyalty, in
Bangkok’s moderate class hotel. Bangkok is chosen because it has the largest number of hotels in the country and it is the first stopping point of most of the tourists.

1.3 Research Objectives

The focuses of objective of this research is to study about brand loyalty of moderate class hotels (3 stars) in Bangkok from the view point of foreign customers by considering the relationships among customer satisfaction, attitudinal brand loyalty and behavioral brand loyalty of moderate class hotels in Bangkok area.

The objectives in this study based on moderate class hotels are:

1. To study the relationship between customer satisfaction and behavioral brand loyalty
2. To examine the relationship between customer satisfaction and behavioral brand loyalty mediated by attitudinal brand loyalty including cognitive-affective-conative stages

As the above objectives necessitate the Structural Equation Modeling, another objective is added below.

3. To evaluate the feasibility and application of Structural Equation Modeling.

1.4 Scope of the Research

This research is to find out the relationship, both direct and indirect, between customer satisfaction and brand loyalty of moderate class hotels in Bangkok Area. Considering the challenge on hotel management to increase foreign visitors by using benefit of brand loyalty, the study is focused on individual foreign nationals, who are
visiting the moderate class hotels in Bangkok for any purpose such as for business, visiting, leisure, and others purpose such as convention, and attending for conference. The study focuses only on the behavior aspect of customer on hotel and not the hotel products.

1.5 Limitation of the Research

Some limitations are associated with this study.

1.10.1 The study is limited only on the hotel industry as a service industry, and it will not include other service segments.

1.10.2 Within hotel industry, since it is focused only on moderate class hotel in Bangkok area, the result may not be applicable to other classes of hotel.

1.10.3 The research has been limited to brand loyalty of guests staying in moderate class hotels, in Bangkok. Therefore its findings may not be generalized to other aspects of hotel services.

1.10.4 In addition, the respondents are only those customers who are English-literate foreigners and have visited in moderate class hotels. Thus, the study excludes Thai citizens.

1.6 Significance of the Study

This study focuses on the relationship between two kinds of brand loyalty and customer satisfaction. This is the way to understand the perception of foreign guests about brand loyalty and how these brand loyalty could create benefits with current customer. The results would provide information as feedback on the development of
customers’ repurchasing behaviors involving customer satisfaction, attitudinal brand loyalty, and behavioral brand loyalty in the hotel industry. The management from hotel industry would benefit from the result of the thesis that is expected to give insights drawn from the implications of the study on true brand loyalty among hotel customers by determining attitudinal and behavioral brand loyalty. They could develop and improve the dependability and responsiveness of brand loyalty based on the finding of this thesis especially the relationship between attitudinal and behavioral brand loyalty on the one hand, and among three phases within the attitudinal brand loyalty on the other.

Finally, this knowledge may assist hotel managers to implement strategies which will ensure that the hotel will receive loyalty from both existing and prospective customers.

1.7 Definition of Terms

1) **Affective Brand Loyalty:** A favorable attitude toward the brand that would be developed on the basis of accumulative satisfaction, and knowledge and a set of beliefs on the brand (Oliver, 1997).

2) **Attitudinal Brand Loyalty:** It refers to a customer’s intention to repurchase and recommend, which are good indicators to become actual purchase behavioral. It is loyalty process which includes three phases – cognitive, affective, and conative brand loyalty (Bagozzi, 1978).

3) **Brand:** “Brand” in hotel industry refers to a logo or name representing a hotel chain or independent names such as Royal Princess, Novotel or Holiday Inn. Reichheld (1996).
4) **Behavioral Brand Loyalty:** It is a customer’s overt behavior toward a specific brand in terms of repeat purchasing patterns (Back and Parks, 2003).

5) **Cognitive Brand Loyalty:** Customers’ loyalty in a sense of cognition on the basis of prior knowledge or belief on the brand. (Oliver, 1997)

6) **Conative Brand Loyalty:** Customers’ strong commitment to have repurchase intention and to avoid any persuasion from other alternatives. It is related to the tendency to treat objects positively or negatively. It is consistent to the concept of behavioral intention, which is defined as the expectation or likelihood for an individual to behave in a specific way regarding the acquisition, use, and disposition of product (Mowen and Minor, 2001).

7) **Customer Satisfaction:** A feeling of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to his expectation. (Bowen & Chen, 2001).

8) **Endogenous Variable:** A variable that is the dependent or outcome variable in at least one causal relationship (Hair, Anderson, Tatham, and Black, 2001).

9) **Exogenous Variable:** A variable that acts only as a predictor or “cause” for others variables in the model (Hair, Anderson, Tatham, and Black, 2001).

10) **Individual international tourist:** Those international tourists who are not Thai citizens.

11) **Moderate Class Hotels:** It generally refers to three star hotels. They have higher staffing levels, significantly greater quality and range of facilities than lower star classification. (Tourism Authority of Thailand, 2004).
12) **Structural Equation Modeling (SEM):** Multivariate technique combining aspects of multiple regression (examining dependence relationships) and factor analysis (representing unmeasured concepts-factors-with multiple variables) to estimate a series of interrelated dependence relationships simultaneously (Hair, Anderson, Tatham, and Black, 2001).

1.8. **Conclusion:**

In this chapter the researcher gives background information of hotel industry in Thailand highlighting the importance of brand loyalty. Then, the problem of the study is stated and research objectives are presented. In addition, the scope and limitation of the research are stated. Next, the significance of the study is explained and definitions of the terms are given. In the next chapter, a review of literature relating to the study will be conducted.
CHAPTER II
REVIEW OF LITERATURE AND RELATED STUDIES

In the previous chapter, the researcher has described an overview of the hotel industry in Thailand, and discussed the nature of hotel business. Next, the researcher explains about customer retention, its relationship with customer satisfaction and its impact on profit. Then the importance of brand loyalty in hotel industry is explained. In this chapter, the key terms used in this study will be elaborated in the light of articles and books the researchers have reviewed. Then, some reviews relating to the study will be presented one by one.

2.1 Customer Satisfaction

Customer Satisfaction focuses on the consumers’ overall judgment, including service features, the service products, sales personnel, or other situational variables. It results when customers either confirm their purchase expectations for a purchased service or positively disconfirm their expectations regarding purchased services, resulting in some level of post purchase affect toward the experience (Cardozo, 1965). Studies of consumer behavior emphasize that customer satisfaction is a major issue in the post-purchase period (Westbrook and Oliver, 1991).

Oliver (1996) defines customer satisfaction as a customers’ emotional response to the use of a product or service. However, it is more likely that customer satisfaction is a complex human process that involves cognitive and affective processes. Later, Oliver (1996) claims to be consistent with the theoretical and empirical evidence to date: “Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or
service feature, or the product or service itself, provided a pleasurable level of consumption related fulfillment, including levels of under- or over-fulfillment”.

Finally, Oliver (1999) concludes that satisfaction is a “necessary step in loyalty formation”. Anton (1996) gives a more contemporary approach, and defines customer satisfaction as a state of mind in which the customers’ needs, wants and expectations throughout the product or service life have been met or exceeded, resulting in subsequent repurchase and loyalty. It is recognized by many researchers that customer satisfaction is as a major antecedent of their general attitude towards brands, and this, in turn, is an important determinant of future behavior (Narayandas, 1998; Zeithaml, Valarie, Berry, Leonard and Parasuraman, 1996).

Homburg and Giering (2001) reiterates the views of new conceptual developments by other scholars (Anderson E.W, Fornell, and Lehmann 1994; Bayus 1992; Wilton & Nicosia 1986) that customer satisfaction should be taken as a judgment based on the cumulative experience made with a certain product or service rather than a transaction-specific phenomenon. Thus conceptualization satisfaction might be too restricted especially with regard to the relationship between customer satisfaction and loyalty. A single service producing a state of satisfaction is unlikely to lead to long-term loyalty. This paper will be discussed elaborately later under empirical studies.

However, some researchers have identified a discontinuity between satisfaction and loyalty (Edwards, Gorrell and Shedroff 1994; Fay 1994; Wood, 1998). Fay (1994) found that satisfaction is an inherently unstable and temporary mental state and a poor way of predicting customer retention.
Due to these differing views on relationship between customer satisfaction and brand loyalty, it is one of the tasks of this research to investigate that relationship. In this study, the researcher used the customer satisfaction as the judgment that a product or service feature, provided a pleasurable level of consumption related fulfillment, including levels of under-or over-fulfillment. Moreover, customer satisfaction is treated as an independent variable which is a variable that influences, or predicts or causes other variables in the study.

2.2 Brand and Loyalty

As defined in paragraph 1.1.3, a brand is the product or service of a particular supplier, which is differentiated by its name and presentation, such as Marriot or Shangri-La. In this study the brand represents any particular hotel which has name and any hotel chain such as Holiday Inn and Hilton Hotel. Many hotels and business companies leave their mark and set their imprint on a product or service. Brands introduce stability into businesses, help guard against competitive imitation, and allow consumers to shop with confidence in an increasingly complex world (Aaker, 1995). Once customers have made a decision about a brand and its associations, they are often loyal to that brand, continue to buy it in the future, recommend it to friends, and choose the product over others, even those with better features or lower prices (Assael, 1995). Brands are natural barriers to new competitors because branding reduces consumer risks associated with the purchase of products or services. Thus, they support premium prices and sustain increasing revenue because of the consumer tendency towards long-term brand loyalty (Ehrenberg, 1991).
Loyalty has been traditionally understood to be reflected by repeat purchase behavior and/or the expression of a favorable attitude toward such behavior (Jacoby and Chestnut, 1978). They suggest that customer loyalty is the behavioral outcome of a customer’s preference for a particular brand from a selection of similar brands, over a period of time, which importantly is the result of an evaluative decision-making process. Day (1969) suggested there is two-dimensional conceptualization of loyalty: behavioral dimension and attitudinal dimension. He argued that spuriously loyal buyers lacked any attachment to brand attributes, and they could be immediately captured by another brand that offers a better deal. However, to achieve loyalty, marketers have emphasized the need to provide and improve customer satisfaction (Jones and Sasser, 1995).

Oliver states that previous customer loyalty research failed to provide a unitary definition and relied on three components, including cognition, affect and behavioral intention. He identifies the essential issues of commitment, preference and consistency while recognizing the dynamic nature of the marketing environment and situational influences. He suggests that “ultimate loyalty” exists if a customer remains loyal in the face of opportunities to switch to an alternative supplier.

Pugh (1991) identifies four desirable characteristics that make up the loyal customer: repeat purchasing, cross-product/service purchasing, referral/ word-of-mouth active and immune to competition. Loyal customers are also assumed to be less price-sensitive (Krishynamurthi and Raj, 1991), and loyal customers give a firm valuable time to respond to actions taken by competitors (Aaker, 1991). Furthermore, loyal customers may also reduce marketing costs and raise barriers of entry to the market (Sharp and Sharp, 1997). Therefore firms strive to keep their existing customers.
Several researches that indicate loyalty were developed in ways that are more dynamic and complex than reflected in the common “satisfaction builds loyalty” models (Fournier 1998; Oliver 1999; Chaudhuri and Holbrook, 2001). As customers repurchase and use products, new and unanticipated benefits that have an impact on both satisfaction and loyalty may be revealed.

Dwyer, Schurr, and Oh (1987) finds that for customers who exhibit strong relationship with a company, trust and commitment supplant satisfaction as divers of loyalty. They conclude that the management of satisfaction is most effective for developing loyalty among customers that are not inclined toward establishing enduring relationships.

Today, more and more hotels are recognizing the importance of satisfying and retaining current customers. There are some facts bearing on customer retention (Kotler, 2003).

- Acquiring new customers can cost five times more than the costs involved in satisfy and retaining current customers.
- The average hotel loses 10 percent of its customers each year.
- The customer profit rate tends to increase over the life of the retained customer.

Many hotels spend thousands of dollars trying to obtain a client to use their service. If a potential guest is happy with an existing hotel, it is difficult to convince him to use another.

It is interesting to find out the relationship between loyalty and customer retention. One point of view states that loyalty is simply another term for customer
retention; a customer who continues to buy is a loyal customer. Loyalty is determined by “the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises” (Gremler and Brown, 1996).

In contrast, Garbarino and Johnson (1999) find that overall satisfaction has no significance on future purchase intentions in some situations. In support to Garbarino and Johnson, Barnes (2002) claims that there is tendency among researchers to confuse loyalty with retention. Although two concepts are related they are not the same thing. In this view, retention is a behavioral concept but loyalty is not. Customer retention may have little or nothing to do with loyalty, because customers may come back again and again due to the lack of alternative or high cost to switch to others, or the competitors are not better, or they get bored of changing.

2.3 Relationship between Customer Satisfaction and Brand loyalty

Customer satisfaction measures how well a customer’s expectations are met. Brand loyalty measures how likely customers will return and their willingness to perform word of mouth to their partners for the brand. Many researchers found that the customer expectations must be exceeded in order to build loyalty.

In the mid 1980, Xerox surveyed customers’ satisfaction with a sample as large as 40,000 customers. The company found out that satisfaction-loyalty relationship was not “straight line” but highly bowed (Heskett, Sasser and Schlesinger, 1997). Again, Jones and Sasser (1995) analyzed the relationship between customer satisfaction and customer loyalty in different fields such as automobiles, business use PCs, hospital airlines and
local telephone services. There existed a relationship between customer satisfaction (as independent variable) and loyalty but the curve was bowed in situations where customers had many alternatives, relatively low cost of switching from one service to another, few government regulations limiting competitions and few loyalty-promotion programs (Jones and Sasser, 1995).

Several researchers such as Bitner (1990), Rust and Zahorik (1993), and Oliver (1999) have investigated and found the relationship between customer satisfaction and brand loyalty. Bitner (1990) found that customer satisfaction has an indirect effect on brand loyalty mediated by perceived quality whereas Rust and Zahorik claimed brand loyalty is directly influenced by customer satisfaction.

Anderson, Fornell, and Johnson, (1994) stated that increasing customer satisfaction effects to increase brand loyalty in terms of repurchase likelihood and price tolerance. Oliver (1999) mentioned that customer satisfaction is “the beginning of a transitioning sequence that culminates in a loyalty state”.

However, the ways in which predictive repurchase behaviors are derived from customer satisfaction are not well understood (Back and Parks, 2003). Shoemaker and Lewis (1999) found a weak relationship between customer satisfaction and brand loyalty in the casino industry. Moreover, the customers must be extremely satisfied to show brand loyalty (Bowen and Chen, 2001).

Homburg and Giering (2001) organize the relationship between customer satisfaction and loyalty, into three categories. The first category provides empirical evidence of a positive relationship between customer satisfaction and loyalty without any reservation. That category assumes a linear relationship. The second category provides
theoretical and empirical support for a non-linear structure reflecting a convex relationship between the two variables.

There are many studies of the relationship between customer satisfaction and brand loyalty on the aspects of various industries but not from the aspect of hotels. Although much of the research documented in hospitality journals has addressed issues of brand loyalty, little attention has yet been given to the methodological issues of brand loyalty, in terms of measurements and antecedents. Therefore, the researcher focuses the aspect of hotel industry on the relationship between customer satisfactions and brand loyalty. Furthermore, the result will know whether the brand loyalty is directly influenced by customer satisfaction and whether the result of the hotel industry is likely the same with the result of other industries.

2.3.1 Intervening factors on Customer Satisfaction and Brand Loyalty

There are several reasons why satisfied customers may not become loyal customers. First, some travelers do not return to an area on a regular basis. Thus, a customer may think a hotel is great, but they never return to the hotel because they never return to the area. Second, some customers like to experience different hotels and restaurants when they return to an area. Third, some guests are price sensitive and will shop for the best deal. Finally, customers expect to be satisfied with their purchase; if not, they would not have made the purchase. Thus, satisfaction ratings tend to be inflated (Kotler, 2003). Those intervening factors are shown in Figure 2.1.
Therefore, the important relationship between satisfactions and brand loyalty is that loyal customers are more valuable than satisfied customers. A satisfied customer who does not return and does not spread positive word of mouth has no value to the hotel. On the other hand, a loyal customer who returns and spreads positive word of mouth has more value (Kotler, 2003). Thus the influence of customer satisfaction on brand loyalty can be interrupted by those intervening factors. It is indeterminate that the former has a

**Intervening Factors**

- No regular traveling
- Customers want to enjoy different experience
- Customers are price sensitive
- Inflated Satisfaction
  (Kotler, 2003)

- Customers have large alternatives
- relatively low cost of switching Brand
- few gov’t, regulating limiting Competition
- few loyalty promoting program
  (Jones and Sasser, 1995)

strong relationship with the latter. Thus it is one of the tasks of this study to test how strong or weak their relationship is.

2.4 Classification of Brand Loyalty

Brand loyalty can be divided into two aspects, attitudinal brand loyalty and behavioral brand loyalty (Julander, Magi, Johnsson, and Lidqvist, 1997) as shown in Figure 2.2.

**Figure 2.2 A Conceptual Model of Brand Loyalty**

Attitudinal brand loyalty focuses on attitudinal variables, such as commitment and trust. It covers not only outcome of repeat purchase behavior but also the consequence of multidimensional attitudes toward a specific brand (Back and Parks, 2003). According to Oliver (1997), attitudinal brand loyalty develops in three phases: cognitive phase, affective phase and conative phase. Behavioral brand loyalty refers to a customer’s behavior on repeated purchases, indicating a preference for a brand as a service over time (Shoemaker, 1999). Thus brand loyalty can be classified as shown in Figure 2.2.
2.4.1. Attitudinal Brand Loyalty

Attitudinal Brand Loyalty focuses not only on transactional strategies, such as frequent user programs and gifts for repeat customers but also on attitudinal variables, such as commitment and trust. Numerous researchers have examined the attitudinal aspect of brand loyalty (Iwasaki & Havitz, 1998; Jacoby & Olson, 1970; Jarvis, 1973).

Attitudinal loyalty represents a higher-order, or long-term, commitment of a customer to the organization that cannot be inferred by merely observing customer repeat purchase behavior. Attitudinal studies have described brand loyalty not only as the outcome of repeat purchase behavior but also the consequence of multidimensional attitudes toward a specific brand. However, attitudinal loyalty is important because it indicates propensity to display certain behaviors, such as the likelihood of future usage (Liddy 2000).

Most attitudinal measurement has been developed based on operational definitions rather than a theoretical conceptualization of brand loyalty. Therefore, the attitudinal measurement has lack of construct validity. According to Oliver (1997), the attitudinal brand loyalty can be viewed as developing in three phases – cognitive, affective and conative components of loyalty strength and all of these three phases have different definition of attitude. Bagozzi (1999) also suggest that responses that express evaluation and reveal people’s attitudes should be divided into three classes such as cognition, affect, and conation (or behavioral intention).

Cognitive: As the first phase of attitudinal brand loyalty, “Cognitive” refers to people’s thought about the attitude object. It encompasses the content of one’s thoughts regarding
beliefs in the statement of fact. The customer has a set of beliefs that may include that the product or service is superior to other brands within that category. Cognitive loyalty is based upon the product information available to the customers. Lavidege and Steiner (1961) mentioned that the cognitive stage relates to informing consumers. In other words, the primary role of this stage is receiving the information about the product or service. According to Engel, Blackwell, and Miniard (1993), beliefs are a type of information that encompasses consumer knowledge, and consumers can possess a certain level of knowledge even if they have not used that product. Several researchers, such as Taylor and Bearden (2002) indicate that consumers had some ideas about the service quality even though they had not tried the product.

**Affective:** It refers to feelings, moods, or emotional responses that can be measured by collecting verbal reports or by physiological responses. It is based on customers’ feelings toward and commitment to a product. This stage is characterized by customers developing an unfavorable or favorable attitude towards the product or service. This stage is mainly about favorable attitudes toward the product (Lavidge and Steiner, 1961). This means that the customers have an attachment to the product that is based on more than cognition. Affective loyalty is a function of the customers’ affect-based attitudes to a product. Attitude to a product is based upon an established relationship between the customer and the product. If customers have positive attitudes to the product, they will develop an affective loyalty to the product. Affect is more encoded in the customers mind than cognition, which is more subject to counterarguments (Oliver, 1997). The hotels give the customers a good service quality and present it in a format that makes it easy for
the customers to elaborate the information. Thus, customers will be satisfied with the service, develop a positive attitude to the service, and keep on using it.

**Conative:** Although customers are satisfied with the service, it is not yet sure that they may buy the same brand again. Results from a study of car customers showed that although 85 to 90 percent of the customers were satisfied with the chosen product, only 40 percent of the customers repurchased the brand (Reichheld, 1993). This indicates that affective loyalty is not a perfect predictor of behavioral loyalty. “Conative loyalty” is said to depict the action tendencies one has to approach or avoid an object or perform some response (Bagozzi, 1978). It is defined as the customers’ behavioral intention to keep on using the brand in the future. Although this is an intentional measure of loyalty, it is assumed to be a stronger predictor of behavioral loyalty than both cognitive and affective loyalty. This conative stage relates to actual behavior and is referred to as action.

### 2.4.2. Behavioral Brand Loyalty

Behavioral Brand Loyalty can be defined as a customer’s overt behavior toward a specific brand in terms of repeat purchasing patterns. Specifically, repeat purchasing patterns can be determined as actual purchase frequency, the proportion of occasions in which a specific brand is purchased as compared to the total number of purchased brands and/or the actual amount of purchase. It is action loyalty focused on whether the customers are willing to take action against obstacles keeping them from buying the same brand. This is an even stronger form of loyalty than conative loyalty because it involves actions to overcome obstacles as well as a positive intention to repurchase the brand.
Behavioral loyalty is important because it focuses on the ‘value of the customer to the brand’ (Schultz and Bailey 2000).

Many brand loyalty researchers have used this behavioral approach by simply measuring those behavioral variables to predict the customers’ purchasing behavior in the future (Ehrenberg, 1991; Guadagni & Little, 1983).

2.4.3. Relationship between attitudinal brand loyalty and behavioral brand loyalty

Some studies showed that brand loyalty is not only an outcome of repurchase behavior but also a consequence of attitudes toward a specific brand. Loyalty is a biased behavior expressed over time by an individual with respect to one or more alternatives and is a function of psychological processes. Some researchers suggested that measuring behavioral brand loyalty alone can cause some problems. Disk and Basu (1994), therefore, suggested that measuring behavioral brand loyalty alone neglects the importance of the customers’ decision-making process, which does not differentiate brand loyalty from repeat purchasing behavior. So, neither behavioral measures nor attitudinal measures alone are sufficient to assess brand loyalty according to Jacoby and Kyner (1973). And they believe that completing these two measurements, then customers become truly brand loyal (Oliver, 1997).

Several researchers (Bowen & Chen, 2001; Jacoby & Chestnut, 1978; Stern, 1997) have discussed the need to combine behavioral and attitudinal brand loyalty. Bentler and Speckart (1981) stated that attitudes have causal priority over behaviors. In addition, a negative change in attitudes caused many customers to switch to other brands,
indicating that change in attitude is a good predictor of brand loyalty and brand switching (Peter and Olson, 1993).

Engel, James, Blackwell and Miniard (1993) has given a more contemporary view of attitudes is reflected within Figure 2.3. They further discussed that the cognitive phase are seen as a major determinant of the evaluations comprising the affective phase which, in turn, is positioned as influencing the conative phase. The conative phase is viewed as the immediate determinant of actual behavior. In addition, Oliver (1999) stated that customer satisfaction is “the beginning of a transitioning sequence that culminates in a loyalty state”. He found that customer satisfaction influences cognitive, affective, and then conative components of attitudinal brand loyalty which is purchase intention and postpurchase attitudes.

Figure 2.3 The Relationship of two dimensional Brand Loyalty

Source: Engel, Blackwell, and Miniard (1993)
The four stage loyalty model has different vulnerabilities, depending on the nature of the consumers’ commitment. Cognitive brand loyalty is based on performance levels, whether functional, or cost – based, and is subject to failings on these dimensions. For example, in service industry, it has been shown that deteriorating delivery is a strong enhancement to switch (Keaveney, 1995). Price is a powerful competitive for purchased items (Kalyannaram and Little, 1994). Thus, cognitive loyalty is “Phantom loyalty” because it is directed at costs and benefits, not the brand (Oliver, 1999).

Affective loyalty can become dissatisfied at the cognitive level (Keaveney, 1995). It has been shown that the customer becomes dissatisfied in affective level. Therefore, affective loyalty is first subject to the deterioration of its cognitive base, which causes dissatisfaction, which then has negative effects on the strength of attitude toward a brand.

At the next level, although conative loyalty brings the consumer to a strong level of loyalty commitment it has its vulnerabilities (Oliver and Macmillan, 1992). Competitive product/service trial like samples, coupons, or promotions may be particularly effective, because the consumer has committed only to the brand but not to avoiding trial of new offerings.

In behavioral brand loyalty, the consumer has generated the desire to repurchase the brand and only that brand, and also overcome threats and obstacles. This consumer would be “tuned out” competitive messages routinely, engage in effortful search for the favored brand, and possibly even shun the trial of competitive brands (Oliver, 1999).
2.5 Empirical Findings

2.5.1. “Satisfaction and Loyalty” (1995)

In 1995, Jones and Sasser, Jr., contributed a paper with a title of “Why satisfied customer defect” in the “Harvard Business Review”. Their respondents included different kinds of customers for automobiles, personal computers for business use, hospital, airlines and local telephone services. They used data reflecting customer satisfaction and intent to repurchase the service or product, and analyzed relationships between customer satisfaction and loyalty. Depending on the product or service, the relationship formed a curve different from that of other product or service. For telephone services, loyalty is highly sensitive to satisfaction at the beginning and inelastic forever. For automobiles, loyalty is less sensitive to satisfaction at the beginning but more sensitive at the higher stage, forming a convex curve. The relationship between customer satisfaction and loyalty in different industries are shown in Figure 2.4.

This study draws a couple of interesting conclusions as follows:

1. When customers have a number of alternatives, relatively low cost of switching from one product or service to another, few government regulations limiting competition, and few loyalty promotion programs, the relationship will be like that for automobiles.

2. As competition or alternative products or services are reduced or switching costs are increased, the relationship will be inelastic like local phone services.

In short, they studied the direct relationship between satisfaction and loyalty but mainly influenced by the degree of competition and technology. It could be the construed
that their relationship is curvial, not a straight line relationship. There study indicated that in every industry there is a distinct pattern of relationship between customer satisfaction and loyalty. The hotel industry may also have its own pattern. Since to study each industry will take time and effort, the researcher focused on the hotel industry only.

Figure 2.4. Relationship between Satisfaction and Loyalty in different Industries

2.5.2. “Personal Characteristics as Moderators of the relationship between Customer Satisfaction and Loyalty” (2001)

Homburg and Giering (2001) tried to analyze the moderating effect of selected personal characteristics on the satisfaction-loyalty link. They sent questionnaires to 3000 randomly selected customers of a German car manufacturer who had bought a new car two years ago. However, they received 943 usable responses for analysis. They used a
multidimensional scale to measure customer loyalty. To assess measurement validity they conducted confirmatory factor analyses with LISREL. A composite reliability of at least 0.6 was met for every factor.

According to their findings older people are likely to focus on their experience-based evaluation of the product’s key features whereas younger people base their buying decision mainly on the information provided by the sale personnel. For the people with higher income, loyalty is weaker than it is for people with low income. However, variety seeking has a negative moderator effect on relationship between satisfaction with a product and all three loyalty dimensions. Their study shows that personal characteristics are relevant as moderators of the relationship between customer satisfaction and loyalty.

Their study has some limitations. First, their study is based on only one company in automobile industry. Since it is focused on consumer durables (automobiles) study of other products such as food, medicines, cosmetics, and services like transportations, hotels may produce different findings.

However, the researcher takes note of the fact that the relationship between satisfaction and loyalty differs among different customers, and therefore, plan to include demographic factor such as income and age in her investigation.


Back and Parks (2003) investigates the mediating effect of attitudinal brand loyalty on the relationship between customer satisfaction and behavioral brand loyalty. Thus they try to find out the relationship between customer satisfaction and brand loyalty
on the one hand and the relationship between attitudinal and behavioral brand loyalty on
the other. Based on Oliver’s (1997) brand loyalty stage theory, they construct a
conceptual model in which customer satisfaction is taken as an exogenous variable,
whereas attitudinal brand loyalty and behavioral brand loyalty are taken as endogenous
variables.

They developed questionnaires with seven point Likert typed scale for customer
satisfaction and attitudinal brand loyalty. For behavioral brand loyalty they took the
proportion of actual days customers stayed at a specific-brand hotel as compared with the
number of days they stayed at other hotels in the past year.

Sample populations were chosen from customers who stayed in mid-to upper-
scale hotel in North Carolina between June 18 and July 11, 2001. Reliability test results
indicated that those multiple measures are highly reliable for the measurement of each
construct. A measurement model was estimated before the structural model. Then they
tested discriminant validity by calculating a two-standard error interval estimate of each
coefficient. Again, a maximum likelihood confirmatory analysis was taken to assess the
overall fit of the 4-factor model being composed of customer satisfaction, cognitive brand
loyalty, affective brand loyalty, and conative brand loyalty.

Based on their analysis, it was found that customer satisfaction positively
influenced cognitive brand loyalty. The mediating effect of cognitive brand loyalty took
place in the relationship between customer satisfaction and affective brand loyalty.
Moreover, conative loyalty was found out to have a significant and positive relationship
with behavioral brand loyalty. However, the direct effect of customer satisfaction on
behavioral brand loyalty was found not to be significant.
The result of their study may not be generalized to the whole industry. The respondents include different types of customers and as business travelers, ordinary tourists or transit tourists. The authors admit that their selection of sample is not purely random and the respondents may respond inaccurately or guess. Their diagram of a brand loyalty model and customer satisfaction is shown in Figure 2.5.

**Figure 2.5 Diagram of a Brand Loyalty Model and Customer Satisfaction**

![Diagram of a Brand Loyalty Model and Customer Satisfaction](image)

Table 2.1 Summary of Empirical Studies

<table>
<thead>
<tr>
<th>Authors</th>
<th>Independent Variables</th>
<th>Mediating Variables</th>
<th>Dependent Variables</th>
<th>Respondents</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Homburg &amp; Giering (2001)</td>
<td>Customer Satisfaction</td>
<td>- Variety Seeking</td>
<td>Loyalty</td>
<td>Customers of a German car manufacturer</td>
<td>Variety seeking, age, and income are important moderators of relationship</td>
</tr>
</tbody>
</table>

2.6 Conclusion

In this chapter, we have studied the literature, both books and articles about the relationship between satisfaction and loyalty. It is interesting that pioneers like Oliver were not consistent in their conceptualization. In his book (1997), Oliver stands loyalty as the dependent variable, and brand loyalty has three phases. Each phase of brand loyalty in the order of cognitive, affective and conative has effect on next phase. But later in his 1999 article, he presents that there are different and diverse possible associations between satisfaction and loyalty. For example, satisfaction is an ingredient of loyalty but only one of its components.
Another group of authors, Jagdish, Banwari, and Bruce (1999) made more confusing by introducing hierarchy of attitude and classifying them into learning hierarchy, emotional hierarchy, and low-involvement hierarchy. Depending on the classification of hierarchy, conative phase or affective may come first.

To make practicable in this thesis, it would be appropriate to have only Back and Park’s (2003) conceptual framework and introduce demographic information.
CHAPTER III
RESEARCH FRAMEWORK

3.1 Introducing

Before proceeding in this chapter it would be worthwhile to recall that the objective of this research is to study the relationships among the customer satisfaction, attitudinal brand loyalty, and behavioral brand loyalty of foreign customers who stayed at moderate class hotels in Bangkok area. A review of the conceptual framework of customer satisfaction, attitudinal brand loyalty and behavioral brand loyalty will be used to illustrate whether the customer satisfaction has positive effect on both to the attitudinal brand loyalty and behavioral brand loyalty. Moreover, this study is to investigate the mediating effects of attitudinal brand loyalty on the relationship between customer satisfaction and behavioral brand loyalty.

This chapter consists of conceptual framework, the operational definitions, and hypothesis statements. In the conceptual framework, the major theories in chapter 2 are used to conceptualize the framework. In the part of operational definition, the researcher includes the concept, concept definition, operational components (sub variables) and level of measurement. And the hypothesis statements that are drawn from the conceptual framework will be tested in this research.

The researcher designed conceptual framework based on the conceptual model of brand loyalty stage theory developed by Oliver (1997). The brand loyalty classified into attitudinal brand loyalty and behavioral brand loyalty, will be used to measure the relationship between customer satisfaction and brand loyalty.
3.2 Diagram of Conceptual Framework

As shown in Figure 3.1, the conceptual model shows the relationships among customer satisfaction and attitudinal and behavioral brand loyalty as well as the relationship among cognitive, affective, conative, and behavioral brand loyalty. The conceptual framework is adopted from theories and previous empirical researches of literature review in Chapter 2.
Figure 3.1 Diagram of Conceptual Framework

3.2 Explanation of Conceptual Framework

Figure 3.1 displays the conceptual model used in this study. Exogenous variable is a variable that influence, or predicts or causes other variables in the model. In a model, it has causal arrows leading out of them. In simple word, we call it independent variable. In contrast, endogenous variable is a variable that is dependent variable in at least one causal relationship. In a model, there are one or more arrows leading to our endogenous construct or variable.

In our model (Figure 3.1) behavioral brand loyalty has one arrow from customer satisfaction and another arrow from conative brand loyalty. In this conceptual model, customer satisfaction is treated as an exogenous variable, whereas attitudinal (cognitive, affective, and conative) brand loyalty and behavioral brand loyalty are considered as endogenous.

Attitudinal brand loyalty will be considered as a sequential process in which customers become “loyalty first in a cognitive sense, then later in an affective sense, and finally in a conative manner” (Oliver, 1997). For example the customer firstly becomes cognitively loyal based on beliefs about the brand attribute. Then he or she may become affectively loyal, with pleasurable fulfillment based on brand performance. Then he or she may become conative loyal exhibiting a brand specific commitment.

According to the objectives of this research, the researcher would like to study the relationship between customer satisfaction and cognitive brand loyalty firstly as shown in Figure 3.1. Customer satisfaction is a judgment that a product or service feature, or the product or service itself, provided a pleasurable level of consumption related fulfillment, including levels of under-or over-fulfillment. Cognitive refers to peoples’ thoughts about
the attitude object. It encompasses the content of one’s thoughts regarding beliefs in the statement of fact. The customer has a set of beliefs that may include that the product or service is superior to other brands within that category.

However, studying the relationship between the customer satisfaction and cognitive brand loyalty is not enough. It does not give any guarantee whether the satisfied customers are going to buy the service or not. If the customer does not have an admirable feeling on the product or the service, it may not yet sure to buy the service. For that reason, it is important to study the effects of cognitive brand loyalty on affective brand loyalty.

Sometimes, people who evaluate an attitude object favorably are likely to experience positive affective reactions in conjunction with it, and are unlikely to experience negative affective reactions. For this reason the researcher would like to investigate whether there is relationship between affective and conative brand loyalty.

Bagozzi (1978) defined conative as the customers’ behavioral intention to keep on using the brand in the future. If customers have positive conative attitudes to the product or service, they will develop an action or behavioral brand loyalty to the product or service. Conative is tendency or intention to buy the product whereas behavioral brand loyalty is a customer’s overt behavior toward a specific brand in terms of repeat purchasing patterns. Therefore, it is a good point to investigate how these conative and behavioral brand loyalties have relationship as shown in Figure 3.1.

Finally, in order to fulfill the research objective, the researcher would like to test if the customer satisfaction has positive effect on behavioral brand loyalty in direct way. Because Rust and Zahorik (1993) said that behavioral brand loyalty alone can have direct
relationship with customer satisfaction. For instance, a customer satisfied with the service on his/her first experience in one specific hotel would like to use it again without considering attitudinal brand loyalty.

In this framework, the independent variable is customer satisfaction whereas dependent variables are cognitive, affective, and conative brand loyalties as well as behavioral brand loyalty. The three attitudinal brand loyalties are also known as mediating intervals because they serve as steps toward behavioral loyalty. They are in turn independent variables for the next step of brand loyalty. Only the behavioral loyalty is dependent variable to those mediating variables as well as to the customer satisfaction.

In other words, customer satisfaction is conducted as exogenous variable and cognitive brand loyalty is conducted as endogenous variable. In turn, while cognitive brand loyalty is conducted as exogenous variable affective brand loyalty is conducted as endogenous variable. Again, while affective brand loyalty is treated as exogenous variable, conative brand loyalty is treated as endogenous variable. On the other hand, conative brand loyalty is considered as exogenous variable while behavioral brand loyalty is considered as endogenous variable in their relationship. The dependent/independent (exogenous/endogenous) status is summarized as shown in Table 3.1.
Table 3.1 Summary of Independent, Mediating, and Dependent Variables

<table>
<thead>
<tr>
<th>Type of Variable</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent (Exogenous)</td>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>Mediating</td>
<td>Cognitive brand loyalty</td>
</tr>
<tr>
<td></td>
<td>Affective brand loyalty</td>
</tr>
<tr>
<td></td>
<td>Conative brand loyalty</td>
</tr>
<tr>
<td>Dependent (Endogenous)</td>
<td>Behavioral brand loyalty</td>
</tr>
</tbody>
</table>

3.4 Research Hypotheses

A research hypothesis is a tentative explanation for certain behavior, phenomena, or events that have occurred or will occur. Thus it states an expected relationship or difference between two variables. In other words, it shows what relationship a researcher expects to verify through the collection or analysis of data (Zikmund, 2000). As the researcher is planning to find out the relationship between customer satisfaction and brand loyalty based on the visitors of moderate class hotels in Bangkok, the hypotheses statements as shown below are explanations for certain behavior that will occur in this research.

1. Analysis of the relationship between customer satisfaction and cognitive brand loyalty

Ho1: There is no relationship between customer satisfaction and cognitive brand loyalty.

Ha1: There is a relationship between customer satisfaction and cognitive brand loyalty.
2. **Analysis of the relationship between cognitive brand loyalty and affective brand loyalty**

Ho2: There is no relationship between cognitive brand loyalty and affective brand loyalty.

Ha2: There is a relationship between cognitive brand loyalty and affective brand loyalty.

3. **Analysis of the relationship between affective brand loyalty and conative brand loyalty**

Ho3: There is no relationship between affective brand loyalty and conative brand loyalty.

Ha3: There is a relationship between affective brand loyalty and conative brand loyalty.

4. **Analysis of the relationship between conative brand loyalty and behavioral brand loyalty**

Ho4: There is no relationship between conative brand loyalty and behavioral brand loyalty.

Ha4: There is a relationship between conative brand loyalty and behavioral brand loyalty.

5. **Analysis of the relationship between customer satisfaction and behavioral brand loyalty**

Ho5: There is no relationship between customer satisfaction and behavioral brand loyalty.

Ha5: There is a relationship between customer satisfaction and behavioral brand loyalty.
3.5 Operationalization of Variables

The above variables are defined for operation purpose and divided into operational components (sub variables) together with the level of measurement in Table 3.2. Based on these variables and sub variables a questionnaire will be constructed in the next chapter. In the next chapter, the research methodology and research instruments will be elaborately discussed.
Table 3.2 Operationalization of Independent Variable, Mediating Variables, and Dependent Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>Concept Definition</th>
<th>Operational Components</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Variable</strong></td>
<td><strong>Customer Satisfaction</strong>&lt;br&gt;It is the customers’ overall judgment about the service of hotel including service features, the service products, sales personal, or other situational variables as compared to his/her experiences.</td>
<td>1. Happiness to stay&lt;br&gt;2. Believing right to stay&lt;br&gt;3. Receiving full value of money&lt;br&gt;4. Service exceeding expectation&lt;br&gt;5. Satisfaction with decision to stay</td>
<td>Interval</td>
</tr>
<tr>
<td><strong>Mediating Variables</strong></td>
<td><strong>Cognitive brand loyalty</strong>&lt;br&gt;It refers to people’s thoughts about the attitude object and encompasses the content of one’s thoughts regarding beliefs in the statement of fact.</td>
<td>1. Knowledge of superior service quality&lt;br&gt;2. Knowledge of better service&lt;br&gt;3. Knowledge of more benefits&lt;br&gt;4. Believing the first choice in mind&lt;br&gt;5. Believing the consistent of service standard</td>
<td>Interval</td>
</tr>
<tr>
<td></td>
<td><strong>Affective brand loyalty</strong>&lt;br&gt;It refers to feelings, moods, or emotional responses that can be measured by collecting verbal reports or by physiological responses.</td>
<td>1. Love to stay&lt;br&gt;2. Feeling better at this hotel&lt;br&gt;3. Preference of this hotel&lt;br&gt;4. Feeling as second home&lt;br&gt;5. Feeling as hotel provides superior services</td>
<td>Interval</td>
</tr>
<tr>
<td></td>
<td><strong>Conative brand loyalty</strong>&lt;br&gt;It includes behavioral intentions or willingness to act and the action tendencies one has to approach or avoid an object or perform some response.</td>
<td>1. Price toleration&lt;br&gt;2. Intention to continue to stay&lt;br&gt;3. First choice in next visit&lt;br&gt;4. Telling positive things about hotel&lt;br&gt;5. Recommending to others</td>
<td>Interval</td>
</tr>
<tr>
<td>Variable</td>
<td>Concept Definition</td>
<td>Operational Components</td>
<td>Measurement</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| **Dependent Variable** Behavioral brand loyalty | It is the customers’ overt behavior toward a specific brand in terms of repeat purchasing patterns. Specifically, the proportion of occasions in which a specific brand is purchased as compared to the total number of purchased brands. | 1. Total number of days staying at a specific brand hotel  
2. Total number of days staying at all other brands in the past 12 months                                                                                                                     | Ratio       |
CHAPTER IV
RESEARCH METHODOLOGY

The purpose of this chapter is to provide an overview of the research methodology that will be employed in this research. This chapter is dedicated to the research methodology that includes the research method used, respondents and sampling procedures, research instruments/questionnaires, collection of data/gathering procedures, pre-testing and statistical treatment of data.

4.1 Research Method: Sample Survey

Descriptive research design is to be used to describe characteristics of a population or phenomenon in quantitative aspect. This research will use sample survey research method as a tool for asking questions. Sample survey is a research method in which information is gathered from a sample of people by using a questionnaire. It is a method of data collection based on communication with a representative sample individual. Sample survey is used as a research technique that based on face-to-face communication with a representative sample of individual. This method is a common method of generating primary data and providing the researcher with easy, cheap, quick, efficient, and accurate means for information assessment about the population. Moreover, it used self administered questionnaires that require the respondents to fill out by themselves.
4.2 Respondents and Sampling Procedures

4.2.1 Target Population

A population is defined as the complete set of units of analysis that are under investigation (Davis and Cosenza 1993). In other words, a population is a group of interest to a researcher, the group to which he or she would like the result of the study to be generalized. The target population is a specific complete group relevant to the research project. The target population in this study is individual international tourists who have stayed at moderate class hotels in Bangkok area during March 2005. The peculiar nature of target population is that it is changing from time to time but within the capacity of moderate class hotel.

4.2.2 Sampling Unit:

Sampling is the process of selecting a number of items or individuals for a study in such a way that the items or individuals represent the larger group from which they were selected (Gay & Diehl, 1996). As the researcher planned to contact them, the researcher went to those who were staying at hotels considered to have 3 stars rating or moderate class hotels in Bangkok. The Sampling Unit of this study is made up of the respondents near by moderate hotels and some tourists’ attraction places such as Silom, Pratunam, etc. In this way, the researcher ensures that sampling unit definitely represents the population.

4.2.3 Sampling Method

This study used Non-Probability Sampling (Convenience-sampling) method. Probability sampling is defined as a sample in which every number of the population has a known, nonzero probability of selection (Zikmund, 2000). Since there is no list of the
target population available from where the target respondents are chosen, and the target population is individual, the researcher cannot use probability sampling method. Again, target population is not available and not constant it is difficult to determine the minimum sample size. However, according to Gay (1996), for 5% required sample for tolerate error; minimum sample is within the range of 381 – 384 between the population of 50,000 and 25,000,000. Thus, a sample of 400 respondents will be more than sufficient to represent the foreign nationals staying at moderate class hotels in Bangkok.

**Non-Probability Sampling**: Non-probability sampling is defined as a sampling technique in which units of the sample are selected on the basis of personal judgment or convenience; the probability of any particular member of the population being chosen is unknown (Zikmund, 1997). In non-probability sampling, the elements do not have a known or predetermined chance of being selected subjects, the elements in the population do not have any probabilities attached to their being chosen as sample objects. This means that the findings from the study of the sample cannot be confidently generalized to the population (Sekaran, 1992). Therefore in this research study, non-probability sampling is used.

**Convenience sampling**: It is to obtain people who are most conveniently available, so the researcher collected the data from hotel customers using the service from the hotels in the nearby area (Zikmund, 2000). Convenience sampling includes collecting information from the population who are conveniently available to provide the information (Sekaran, 1992). Convenience sampling is appropriate because it seems simple and meets all
necessary requirements of a non-probability sample. The primary reason for using this approach is that it is less time consuming, and is possible to accomplish within a limited budget.

Although it may be conveniently classified as convenient sampling, the researcher will try to get a fair representation of target population as much as possible by the following ways:

a. The gender would be positioned to be in equal or close ratio.

b. Nationalities should be as diverse as possible.

4.3 Collection of Data

In this study, the researcher used both primary and secondary data. To collect the primary data, questionnaire will be distributed to 400 individual English-literate tourists who have stayed at moderate class hotels in Bangkok area. The questionnaires were distributed near by moderate class hotels in Bangkok and some tourists’ attraction places such as Silom area, Pratunam etc. The questionnaires were administered by the researcher herself and when the respondents have any doubt or questions the researcher was ready to clarify them. And also, questionnaires were preceded by screening questions. Only foreign nationals who have stayed at moderate class hotels in Bangkok area during March 2005 were administered the questionnaires. Finally, time period of questionnaire collection was ten days in two weeks at morning to evening time during 15 March to 31 March 2005.

In addition, the researcher used secondary data such as marketing magazines, hospitality magazines, newspapers articles, marketing text books, previous research
report, business journals and other related information from the web sites that were relevant to the study.

4.4 Research Instruments/Questionnaires

In this study, most of questionnaires are adapted from the previous study (Back and Parks, 2003) which discussed detail in literature review as an empirical study. Since the researcher is trying to use for the respondents who stayed at moderate class hotels in Bangkok the researcher need to develop a few questions. Manipulation checks were conducted to ensure the reliability and validity of scales. The objectives of this study are to measure the relationship of customer satisfaction with attitudinal brand loyalty and behavioral brand loyalty in moderate class hotels. Questionnaire consists of 22 statements to measure the effect of customer satisfaction on the attitudinal brand loyalty. Moreover, this portion of survey deals with how these three stages of attitudinal brand loyalty such as cognitive, affective and conative affect on each other.

Likert scale is one of the most common attitude scales. Attitude scales attempt to determine what an individual believes, perceives, or feels. Attitudes can be measured toward self, others and a variety of other activities. A Likert scale asks an individual to respond to a series of statements by indicating the degree of agreement or disagreement. For positive statements “strongly agree” should be assigned highest point and “strongly disagree” should be the lowest point (Gay and Diehl, 1996). The questionnaires were used a 7 points Likert scale.

According to Cummins & Gullone (2000), the 7 points Likert scale was chosen as it is more appropriate to use than 5 points Likert scale. A key characteristic of a good
response scale is its sensitivity to change. It should allow the respondent to reveal their satisfaction as well as attitude process with a degree of precision that matches their ability to reliably discriminate between changing levels of satisfaction and attitude. Moreover, 5 points Likert scale provides the respondents with only a binary choice. Therefore, 5 points Likert scale presents an effective choice only between “agree” and “strongly disagree”. However, 7 points Likert scale provides the assessments of the respondent’s discriminative capacity by indicating “slightly agree”, “agree”, and “strongly agree”. Therefore, in this study, 7 points Likert scale is used to indicate more accurate degree of response assigned to each statement as shown below:

- Strongly Agree: 7
- Agree: 6
- Slightly Agree: 5
- Neutral: 4
- Slightly Disagree: 3
- Disagree: 2
- Strongly Disagree: 1

For behavioral brand loyalty questionnaires, it consists of two statements to measure the actual proportion of purchasing frequency in a specific hotel over other hotels in order to know the effect of customer satisfaction on the behavioral brand loyalty. Here, the researcher used ratio scale. The first statement is to obtain the proportion of actual days consumers stayed at a specific brand hotels and the second
statement consists of the numbers of days the consumers stayed at all other brands in the past 12 months.

The questionnaires consist of five parts that can be expressed as follows:

**Part 1: Customer Satisfaction**

The researcher would like to know the satisfaction level after the customers have used the service or product in moderate hotels in Bangkok area. The respondents were asked to mention the satisfaction or dissatisfaction level with the questions that used seven point Likert scale (Oliver 1980).

**Part 2: Cognitive Brand Loyalty**

Attitudinal brand loyalty (Cognitive, Effective, Conative) was measured using scales developed by Loken and John (1993), Oliver (1997), and Beatty, Kahle, Homer (1988) with seven point Likert-type.

In this part, the researcher would like to measure the customers’ attitude toward knowledge and perceptions that are acquired by the combination of direct experience and related information from various sources. The respondents will be asked to tell the dissatisfaction or satisfaction with the questions that used seven point Likert scale.

**Part 3: Affective Brand Loyalty**

The researcher would like to know the customers’ attitude toward the feeling or emotions about the service after they used the hotel. In addition, the researcher would like to measure how the consumers’ belief (Cognitive) will effect to their feelings and emotions. Here, the respondents were asked the questions in previous scale system.
Part 4: Conative Brand Loyalty

In this portion, the researcher would like to test the customers’ attitude towards tendency or intentions or willingness on the service according to the experience in the hotel. Moreover, the researcher would like to know how the customers’ feelings or emotions (Affective) will effect on their willingness or tendency. All the questions were used with seven point Likert scale in this part.

Part 5: Behavioral Brand Loyalty

As behavioral brand loyalty can be defined as a customer’s behavior toward a specific brand (specific hotel, in this study) in terms of repeat purchasing patterns (repeated stay in specific hotel), it can be measure as actual stay frequency, the proportion of number of days’ stay in a specific hotel as compared to total number of day’s stay in a period. Many brand loyalty researchers have used this approach by measuring those variables to predict behavior in the future. Therefore, the researcher will use this approach to measure the proportion of actual days guests stayed at a specific brand hotel as compared with the numbers of days they stayed at all other brands in the past 12 months. Those two numbers are calculated to obtain the actual proportion of purchasing frequency in a specific hotel over hotels in which respondents stayed in the past year. It measures how the tendency (Conative) will effect on the actual brand purchased or behavioral brand loyalty.
4.5 Pre-Testing

The pretest questionnaire is vital for every research (Churchill, 1996). It is the use of questionnaire on a trial basis in a small pilot study to determine how reliable and valid the questionnaire is.

Zikmund (2000) stated the pretest as a trial run with a group of respondents used for detecting the problems in the questionnaire design. In a pretest, the researcher looks for evidence of ambiguous questions and respondent misunderstanding, whether the questions mean the same thing to all respondents, the point at which respondent fatigue sets in, places in the questionnaire where a respondent is likely to terminate, and other considerations.

The researcher has pre-tested the data collection tool in order to test the reliability of questionnaires. There were 30 respondents who participated in the pretest for this research randomly at restaurants, coffee shops and snack bar in Silom area on the 15th and 16th September. In testing the questionnaire there were only a couple of questions that were ambiguous in meaning. For example one respondent suggested to simplify the word “exceed” by “is over”. Another respondent suggested to explain the meaning of technical words such as “cognitive brand loyalty”. The researcher reviewed and improved all those questions.

4.5.1 Reliability Test

Sekaran (1992) and Kline (1998) stated that there is no gold score standard about how high coefficients should be considered as “good”. But some guidelines are offered. The value of reliability at least 0.6 is considered reliable, if the value is around .70, it is
considered as good, if the value is around .80 considered as a very good and if the reliability value is around .90 considered as excellent. As the result of reliability analysis from the study, all the coefficient alpha scores are over 0.7, being higher than 0.6 in all parts of the questionnaire so it is considered definitely reliable as shown in Table 4.1.

Table 4.1 A Summary of Reliability Testing Result

<table>
<thead>
<tr>
<th>Groups</th>
<th>Items</th>
<th>Alpha</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>5</td>
<td>.8395</td>
<td>30</td>
</tr>
<tr>
<td>Cognitive Brand Loyalty</td>
<td>5</td>
<td>.8074</td>
<td>30</td>
</tr>
<tr>
<td>Affective Brand Loyalty</td>
<td>5</td>
<td>.9149</td>
<td>30</td>
</tr>
<tr>
<td>Conative Brand Loyalty</td>
<td>5</td>
<td>.7736</td>
<td>30</td>
</tr>
</tbody>
</table>

Thus, the reliability analysis resulting from the pilot study of the questionnaire indicates that this research is sufficient for examining its hypotheses. However, behavioral brand loyalty will not include because it will measure as a single item.

4.6 Statistical Treatment of Data

After gathering all of the data, the data will be processed and interpreted by AMOS 6, one of the more popular software packages. Statistical treatment of data applied in the inferential statistics. In this study, the researcher used descriptive statistics for description or summary of information about sample and Structural Equation Modeling (SEM) for all hypotheses.
4.6.1. Descriptive Statistics

According to Gay & Diehl (1996) descriptive statistics enable a researcher to describe meaningfully a set of data consisting of large number of figures with a small number of indices. The major type of descriptive statistics is a measure of control tendency, measure of variability, measure of relationship, and measure of relative position.

Moreover, it is used to describe the percentage, distribution, and frequency distribution of the demographic factors. As Zikmund (2000) proposes that descriptive analysis is applied to transform the raw data into a form that will make them easy to understand and interpret. It includes rearranging, ordering and manipulation data to generate descriptive information.

The most common statistical technique for tabulating data was percent distributions, calculation average, and frequency distributions. Percent distribution indicated the percent customers who answer each of the available response options of each surveyed item.

In this study, the researcher proposes to present statistics such as mean, median, range and standard deviation of all the variables. Moreover, analysis of the respondents would be made based on their gender, age, and nationals etc. Thus descriptive statistics will throw light on the sampling method as well as the basic opinions of the respondents. The researcher will be able to consider moderators as mentioned by Homburg and Giering (2001).
4.6.2. Structural Equation Modeling (SEM)

Structural Equation Modeling (SEM) encompasses an entire family of models known by many names, among them covariance structure analysis, latent variable analysis, confirmatory factor analysis, and AMOS 6 (Analysis of Moment Structure) (Hair, Anderson, Tatham & Black 2001). SEM is multivariate technique combining aspects of multiple regression and factor analysis to estimate a series of interrelated dependence relationships simultaneously. Structural Equation Modeling explains linear relationship among variables by analyzing correlations or covariance among them.

Structural Equation Model is used separate relationships for each of the set of dependent variables. It distinguishes which independent variables predict each dependent variable. SEM provides estimates of the strength of the relationships between variables. The structure model expresses the relationship among independent and dependent variables, even when a dependent variable becomes an independent variable in other relationships. In this research, for example, the researcher wants to predict customer satisfaction. Then the researcher wants to use customer satisfaction to predict attitudinal brand loyalty (cognitive, affective, conative), each of these three phases in turn were used to predict behavior brand loyalty. Thus, some dependent variables become independent variables in subsequent relationships, giving rise to the interdependent nature of the structure model. Moreover, many of the same variables affect each of the dependent variables, but with different effects.

One of the most important characteristics of SEM is that it can analyze the independent relationships of more than one set of variables. SEM also provides the measurement model, which specifies the rules of correspondence between manifest and
latent variables (Hair, Anderson, Tatham & Black 1998). The measurement model allows the researcher to use one or more variables for a single independent or dependent concept and then the reliability. SEM can estimate many questions at once such that the dependent variable in one question can be an independent variable in other equation. Such kind of complexity is not possible to measure with other multivariate techniques.

According to Hair et al (1998), some dependent variables become independent variables in subsequent relationship, giving rise to the independent nature of the structural model. In our conceptual framework the three phases of attitudinal brand loyalty (eg, cognitive, affective, and conative) are both dependent variables and independent variables. Each variable has its own sub-variable or indicators. Thus, the characteristics of these variables fit the use of a structural equation model.

Structural Equation Modeling (SEM) enables a researcher to accommodate multiple interrelated dependence relationships in a single model. Although it is in some aspect similar to multiple regressions, it can estimate many equations at one time. In our framework, behavioral loyalty (dependent variable) is affected by customer satisfaction and attitudinal loyalty (two independent variables).

Hair et al (2001) sets out seven stages in structural equation modeling as follows.

Stage 1. Developing a theoretically based model

Stage 2. Constructing the path diagram into a structural and measurement models

Stage 3. Converting the path diagram into a structural and measurement models

Stage 4. Choosing the input matrix type and estimating the proposed model

Stage 5. Assessing the identification of the structural model

Stage 6. Evaluating goodness of fit criteria
Stage 7. Interpreting and modifying the model, if theoretically justified

The researcher plans to follow these stages to construct a model, and run by AMOS 6 to access the overall fit of the model.

4.7 Summary and Conclusion

In this chapter sample survey method is proposed with convenience sampling as a non-probability sampling method. Questionnaires will be distributed and collected in each trip enabling the researcher to classify to the respondents. The research instrument is constructed in a seven point Likert scale for all questions. Pre-testing of the questionnaire as well as reliability test has already been made and presented. The data analysis will produce descriptive analysis as well as results about the relationships of those variables by using SEM model.
CHAPTER V
DATA ANALYSIS AND DISCUSSION OF RESULTS

This chapter covers the analysis of primary data collected from 400 respondents, who stayed in moderate class hotels (3 star hotels) in Bangkok area during the period from 15 March to 31 March, 2005.

The data analysis part can be divided into two main sections. The first section explains the descriptive statistics in the form of frequency table and the second section is the inferential statistics, the hypothesis testing causal relationship, which is described by structure equation model analysis, which can be beneficial to answer the hypothesis testing between exogenous and endogenous variables.

It also presents the interpretation, summary and also conclusion of all gathered data in order to answer this research problem and the objectives of the study.

5.1 Descriptive of Samples

Descriptive statistics is used to describe or summarize information about a population or sample (Zikmund, 1997). It is a branch of statistics that provides research with summary measures for data in their samples. In other words, descriptive analysis refers to the transformation of raw data into a form that will make them easy to understand and interpret in properly various features of that set of data. The objective of descriptive statistics is to provide summary measures of data contained in all elements of a sample. Major types of descriptive statistics are measures of frequency distribution, mean, standard deviation, measures of relationship, and measures of relative position. All
of these measurements will be used to explain the respondents’ demographic profiles, their characteristics and period of stay in hotels.

5.1.1 Demographic Profile

As 400 questionnaires were distributed, the gender of respondents in this research is shown in Table 5.1. It composes of 230 male respondents and 170 female respondents or computed as percentage 57.5% and 42.5% respectively.

**Table 5.1 Frequency Distribution of Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>230</td>
<td>57.5</td>
<td>57.5</td>
<td>57.5</td>
</tr>
<tr>
<td>Female</td>
<td>170</td>
<td>42.5</td>
<td>42.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Figure 5.1 Gender**

![Gender Distribution Pie Chart]
The following table presents the frequency of age, which the respondents are, ages under 20 up to over 60 years old. The largest percentage of respondents’ age is 20-40 years old, which accounted for 52.5% followed by age between 41-60 years with 31.8%.

Table 5.2 Frequency Distribution of Age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>26</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>20-40</td>
<td>210</td>
<td>52.5</td>
<td>52.5</td>
<td>59.0</td>
</tr>
<tr>
<td>41-60</td>
<td>127</td>
<td>31.8</td>
<td>31.8</td>
<td>90.8</td>
</tr>
<tr>
<td>over 60</td>
<td>37</td>
<td>9.3</td>
<td>9.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Figure 5.2 Age

![Bar chart showing frequency distribution of age groups](chart.png)
Table 5.3 Frequency Distribution of Nationality

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>88</td>
<td>22.0</td>
<td>22.0</td>
<td>22.0</td>
</tr>
<tr>
<td>African</td>
<td>71</td>
<td>17.8</td>
<td>17.8</td>
<td>39.8</td>
</tr>
<tr>
<td>European</td>
<td>129</td>
<td>32.3</td>
<td>32.3</td>
<td>72.0</td>
</tr>
<tr>
<td>American</td>
<td>60</td>
<td>15.0</td>
<td>15.0</td>
<td>87.0</td>
</tr>
<tr>
<td>Oceania</td>
<td>38</td>
<td>9.5</td>
<td>9.5</td>
<td>96.5</td>
</tr>
<tr>
<td>Others</td>
<td>14</td>
<td>3.5</td>
<td>3.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The above table and figure represent the nationality level of the respondents. Most are European with total of 129 respondents or 32.3%.
Table 5.4 Frequency Distribution of Tourist type

<table>
<thead>
<tr>
<th>Tourist Type</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>137</td>
<td>34.3</td>
<td>34.3</td>
<td>34.3</td>
</tr>
<tr>
<td>Leisure</td>
<td>193</td>
<td>48.3</td>
<td>48.3</td>
<td>82.5</td>
</tr>
<tr>
<td>Family</td>
<td>64</td>
<td>16.0</td>
<td>16.0</td>
<td>98.5</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>1.5</td>
<td>1.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Figure 5.4 Tourist Type

Regarding the purpose of visits, leisure type and business type is the most who come to Bangkok and stay in moderate class hotels as presented in Figure 5.4. Leisure type is the largest size at 48.3% followed by business type at 34.3%.
### 5.1.2 Usage of Variable names for Descriptive and SEM analysis

Below is the list of variable names used throughout the model for analysis in the AMOS 6 program as well as SPSS for Descriptive Analysis.

<table>
<thead>
<tr>
<th>Latent Variable 1: Customer Satisfaction</th>
<th>=</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 1 : Happiness to stay</td>
<td>=</td>
<td>SAT1</td>
</tr>
<tr>
<td>Indicator 2 : Believing right to stay</td>
<td>=</td>
<td>SAT2</td>
</tr>
<tr>
<td>Indicator 3 : Receiving full value of money</td>
<td>=</td>
<td>SAT3</td>
</tr>
<tr>
<td>Indicator 4 : Service exceeding expectation</td>
<td>=</td>
<td>SAT4</td>
</tr>
<tr>
<td>Indicator 5 : Satisfaction with decision to stay</td>
<td>=</td>
<td>SAT5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Latent Variable 2: Cognitive Brand Loyalty</th>
<th>=</th>
<th>Cognitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 1 : Knowledge of superior service quality</td>
<td>=</td>
<td>COG1</td>
</tr>
<tr>
<td>Indicator 2 : Knowledge of better service</td>
<td>=</td>
<td>COG2</td>
</tr>
<tr>
<td>Indicator 3 : Knowledge of more benefits</td>
<td>=</td>
<td>COG3</td>
</tr>
<tr>
<td>Indicator 4 : Believing the first choice in mind</td>
<td>=</td>
<td>COG4</td>
</tr>
<tr>
<td>Indicator 5 : Believing the consistent standard of service</td>
<td>=</td>
<td>COG5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Latent Variable 3: Affective Brand Loyalty</th>
<th>=</th>
<th>Affective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 1 : Love to stay</td>
<td>=</td>
<td>AFF1</td>
</tr>
<tr>
<td>Indicator 2 : Feeling better at this hotel</td>
<td>=</td>
<td>AFF2</td>
</tr>
<tr>
<td>Indicator 3 : Preference of this hotel</td>
<td>=</td>
<td>AFF3</td>
</tr>
<tr>
<td>Indicator 4 : Feelings as second home</td>
<td>=</td>
<td>AFF4</td>
</tr>
</tbody>
</table>
Indicator5 : Feeling that hotel provides superior service = AFF5

Latent Variable 4: Conative Brand Loyalty = Conative

Indicator1 : Price toleration = CON1
Indicator2 : Intention to continue to stay = CON2
Indicator3 : First choice in next visit = CON3
Indicator4 : Telling positive things about hotel = CON4
Indicator5 : Recommending to others = CON5

5.1.3 Descriptive Statistics of Indicators and Latent variables

The factors are supposed to indicate latent variables in the conceptual model while observed variables are used as indicators. From the model, there are 5 latent variables, consisting of customer satisfaction, cognitive brand loyalty, affective brand loyalty, conative brand loyalty and behavioral brand loyalty.

Means of indicators under customer satisfaction, cognitive brand loyalty, affective brand loyalty and conative brand loyalty are between 4.03 and 4.89. The indicators that contributed the highest mean is SAT1 (Happiness to stay) with 4.89 followed by AFF1 (Love to stay) at 4.75 as shown in the Table 5.5. Degree of kurtosis is the important part to evaluate the normality of latent variables. Degree of kurtosis should be near zero to have normal distribution of variables. In modeling process those variables with kurtosis value more than 2.0 should be excluded from the analysis (Everitt and Dunn, 2002). As shown in Table 5.5, all the indicators contributed the kurtosis values ranges from -7.77 to
There is no variable that has higher than 2.0; therefore all the indicators are included in the SEM analysis.

### Table 5.5 Descriptive Statistics of Observed Variables or Indicators

<table>
<thead>
<tr>
<th>Indicators (or) Observed Variables</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFF4</td>
<td>400</td>
<td>4.03</td>
<td>1.552</td>
<td>-.565</td>
</tr>
<tr>
<td>COG2</td>
<td>400</td>
<td>4.12</td>
<td>1.420</td>
<td>-.378</td>
</tr>
<tr>
<td>AFF5</td>
<td>400</td>
<td>4.15</td>
<td>1.401</td>
<td>-.712</td>
</tr>
<tr>
<td>CON1</td>
<td>400</td>
<td>4.21</td>
<td>1.437</td>
<td>-.293</td>
</tr>
<tr>
<td>COG3</td>
<td>400</td>
<td>4.23</td>
<td>1.337</td>
<td>-.428</td>
</tr>
<tr>
<td>AFF3</td>
<td>400</td>
<td>4.23</td>
<td>1.442</td>
<td>-.664</td>
</tr>
<tr>
<td>COG5</td>
<td>400</td>
<td>4.23</td>
<td>1.495</td>
<td>-.566</td>
</tr>
<tr>
<td>CON3</td>
<td>400</td>
<td>4.25</td>
<td>1.400</td>
<td>-.403</td>
</tr>
<tr>
<td>COG4</td>
<td>400</td>
<td>4.30</td>
<td>1.359</td>
<td>-.376</td>
</tr>
<tr>
<td>COG1</td>
<td>400</td>
<td>4.34</td>
<td>1.480</td>
<td>-.774</td>
</tr>
<tr>
<td>SAT4</td>
<td>400</td>
<td>4.34</td>
<td>1.389</td>
<td>-.356</td>
</tr>
<tr>
<td>CON2</td>
<td>400</td>
<td>4.42</td>
<td>1.320</td>
<td>-.373</td>
</tr>
<tr>
<td>SAT3</td>
<td>400</td>
<td>4.42</td>
<td>1.419</td>
<td>-.451</td>
</tr>
<tr>
<td>CON4</td>
<td>400</td>
<td>4.43</td>
<td>1.475</td>
<td>-.567</td>
</tr>
<tr>
<td>SAT5</td>
<td>400</td>
<td>4.56</td>
<td>1.504</td>
<td>-.311</td>
</tr>
<tr>
<td>AFF2</td>
<td>400</td>
<td>4.56</td>
<td>1.381</td>
<td>-.530</td>
</tr>
<tr>
<td>CON5</td>
<td>400</td>
<td>4.59</td>
<td>1.507</td>
<td>-.673</td>
</tr>
<tr>
<td>SAT2</td>
<td>400</td>
<td>4.64</td>
<td>1.340</td>
<td>-.535</td>
</tr>
<tr>
<td>AFF1</td>
<td>400</td>
<td>4.75</td>
<td>1.364</td>
<td>-.425</td>
</tr>
<tr>
<td>SAT1</td>
<td>400</td>
<td>4.89</td>
<td>1.298</td>
<td>-.232</td>
</tr>
</tbody>
</table>

### 5.1.4 Descriptive Rating and Output for Latent Variables

There are four kinds of output of descriptive statistics for customer satisfaction, cognitive brand loyalty, affective brand loyalty and conative brand loyalty. All of these latent variables are obtained by interval scaled variables. Seven point Likert scale is used as a tool and indicated as “strongly agree”, “agree, slightly agree”, “neutral”, “slightly disagree”, “disagree”, and “strongly disagree”. In constructing a frequency distribution
for quantitative data, class width is chosen to identify lower and upper class limits. The lower class limit identifies the smallest possible data value; the upper class limit identifies the largest possible data value assigned to each class. By using equation (Anderson, 1996); approximate class width \((\text{largest data value} - \text{smallest data value})/\text{number of classes}\), is 0.86 (eg. 7-1/7). Thus, class limits can be identified as follows:

<table>
<thead>
<tr>
<th>Descriptive Rating</th>
<th>Rating Scale</th>
<th>Class Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>7 points</td>
<td>6.22 – 7.00</td>
</tr>
<tr>
<td>Agree</td>
<td>6 points</td>
<td>5.35 – 6.21</td>
</tr>
<tr>
<td>Slightly agree</td>
<td>5 points</td>
<td>4.48 – 5.34</td>
</tr>
<tr>
<td>Neutral</td>
<td>4 points</td>
<td>3.61 – 4.47</td>
</tr>
<tr>
<td>Slightly disagree</td>
<td>3 points</td>
<td>2.74 – 3.60</td>
</tr>
<tr>
<td>Disagree</td>
<td>2 points</td>
<td>1.87 – 2.73</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1 points</td>
<td>1.00 – 1.86</td>
</tr>
</tbody>
</table>

Mean, standard deviation and rating of latent variables are summarized from descriptive output as shown in Table 5.6.

Table 5.6 Summary of Descriptive Output for Latent Variables

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>6.43</td>
<td>1.41</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>Cognitive Band Loyalty</td>
<td>5.30</td>
<td>1.33</td>
<td>Agree</td>
</tr>
<tr>
<td>Affective Brand Loyalty</td>
<td>5.65</td>
<td>1.36</td>
<td>Agree</td>
</tr>
<tr>
<td>Conative Brand Loyalty</td>
<td>6.61</td>
<td>1.40</td>
<td>Strongly agree</td>
</tr>
</tbody>
</table>
5.2 Hypothesis Testing (SEM Analysis)

This section developed basic model according to the conceptual model that was mentioned in Chapter 3 by using program AMOS 6 to analyze Structural Equation Model (SEM). The AMOS program helps the researcher to construct both measurement model and structural model. Moreover, in order to run successfully the researcher must transform the variables name to a code name that contained not more than 6 characters.

5.2.1 Two Step Approach

James, Mulaik, and Brett (1982) proposed a two-step modeling approach: a measurement model and a structural model. The measurement model deals with the relationships between latent variables and indicators while the structural model deals with the relationships between latent variables only. Moreover, Anderson and Gerbing (1988) described that the measurement model provided an assessment of convergent and discriminant validity and the structural model provided an assessment of predictive validity. The measurement model is accomplished primarily through confirmatory factor analysis, while the other is accomplished through path analysis with latent variables.

The objective of CFA is to verify the proposed factor structure and to explore if any significant modifications are needed. The testing of the structural model may be meaningless unless it is first established that the measurement model holds (Joreskog and Sorbom 1993). In this research, therefore, the researcher uses two steps approaches or doing confirmatory factor analysis (CFA) first and once the model is found acceptable then continued to do a structural model.
5.2.2 Confirmatory Factor Analysis (CFA) or Measurement Model

According to Hair (2001), confirmatory factor analysis (CFA) is used in testing the validity of the indicator variable. Before making any attempt to evaluate the structural model, CFA is to test first for the validity of the measurement models. Kline (1998) also urges that it is better to test the confirmatory factor analysis first, to find whether the fit of the measurement model is found acceptable or not. To proceed to the second step of testing structural model, need to compare its fit with that of different structural models.

Measurement error terms reflect two kinds of unique variance: (1) random error of the type estimated by reliability coefficients and (2) systematic variance due to things that the indicator measures besides its underlying factor. CFA methods reflect measurement models in which factors define latent variables. Latent variables are not directly measurable but must be inferred. The loading of each indicator on a factor indicates its correlation with the construct of interest and it identifies the latent variable. It also reflects the extent to which the indicators are assessing the latent variable in terms of reliability and validity. It is used to assess the role of measurement error in the model, to validate a multifactor model, to determine group effects on the latent variables.

In short, there are three main reasons to do CFA or measurement model analysis. First, CFA examines the indicators loadings for statistical significance. Second, it also tests the intercorrelations among the indicators. Third, it also investigates the role of measurement error for its representative latent variable.

The most basic form of CFA is using one factor measurement model or congeneric model, which examines the specific interrelationships among the indicators.
for a single latent variable. The key parameters to be estimated in a CFA model are the regression coefficients, the t-value or critical ratio (C.R.), the error variances and the factor covariances (Hair, 2001).

In this study, therefore, the researcher used one factor measurement model for each of the latent variable. Then, once the one factor analysis is operating adequately, the researcher continued using multifactor to identify factor score weights for factors, to model error in the measurement among the indicators, and to calculate which items to use in formulating each indicator (Hair, 2001).

5.2.3 Assessing fit of the Model

Structural Equation Modeling (SEM) allows the test of a hypothesized causal model with correlation data. A central part of this test is the examination of whether the variances and covariances that are logically implied by the model are approximately equal to the observed variances and covariances in order to mention whether the model fits the data. If the model does not fit the data, the hypothesized theory has been proved. When the model does not fit the data, it is common practice to consider one or more possible model revisions.

The determination of model fit in structural equation modeling is not as straightforward as it is in other statistical approaches such as the analysis of variance, multiple regression and path analysis. SEM fit indices have no single statistical test of significance that identifies a correct model given the sample data. In fact, none of the goodness-of-fit criteria, except Chi-square ($\chi^2$), have an associated statistical test of significance.
To assess the fit of model to data is proceeded by referring to a global assessment that is made by using an overall test of the model fit and a consideration of several global fit indices. Many of the goodness-of-fit criteria have been formulated to range in value from 0 (no fit) to 1 (perfect fit). The following are some goodness-of-fit which are used to evaluate the model fitness.

**CMIN** \((\chi^2)\) is the most fundamental measure of overall fit and the only statistically based measure of goodness-of-fit available in SEM. And it is used to test the hypothesis that the covariance/variance matrix that the model presents and that of actually observed is identical. Statistical significance indicates the probability that this difference is due to sampling variation. A non significant indicates that the two matrices are not statistically different. Here, the researcher is interested in obtaining a non-significant \(\chi^2\) value with associated degrees of freedom.

**Relative Chi-square or CMIN or \(\chi^2/df\)** is chi-square fit index divided by degrees of freedom, in an attempt to make it less dependent on sample size. \(\chi^2\) value relative to the degree of freedom indicates that the observed and estimate matrices differ. It should be 3 or less for an acceptable (Kline 1998). However, some researchers allow values as high as 5 to consider a model adequate fit.

**Goodness-of-fit Index (GFI)** is a measure of the relative amount variance & covariances. It is nonstatistical measure ranging in value from 0 (poor fit) to 1.0 (perfect fit) and the model with GFI value exceeding 0.9 is considered to fit well.
Adjust goodness-of-fit statistics (AGFI) differs from GFI only in the fact that it adjusts for the number of freedom in the specific model.

Normal Fit Index (NFI) is a measure that rescales chi-square into a 0 (no fit) to 1 (perfect fit) range. It is used to compare a restricted model with a full model using a baseline null model.

Comparative Fit Index (CFI) is derived from the comparison of a hypothesized model with the independence model. It provides a measure of complete covariation in the data.

The Root Mean Square Residual Index (RMR) is the square root of the mean of the squared differences between the observed-variance/covariance matrix and that indicated by the model.

The Root Mean Square Error of Approximation (RMSEA) is the value that indicates the discrepancy between true population distributions in the model. On the other hand, it takes into account the error of approximation in the population. The number of estimated parameters of the values less than 0.05 indicate good fit, values ranging from 0.05 to 0.08 represent reasonable accepted and values higher than 0.08 indicate mediocre fit.

Since it does not need to report the entire set of fit indexes, the indication mentioned earlier are sufficient to evaluate how the model fits the sample data. Indicators to consider the model fit for each fit index is shown in the table below.
Table 5.7 The goodness-of-fit Statistics

<table>
<thead>
<tr>
<th>Fit Indexes</th>
<th>Indication to Consider the Model Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/df ($\chi^2$/df)</td>
<td>CMIN value divided by the degree of freedom is an attempt to make it less dependent on sample size. Value 3 or less is acceptable but some researchers allow up to 5.</td>
</tr>
<tr>
<td>GFI</td>
<td>Index ranges from zero to 1.00, with value close to 1.00 being indicative of good fit.</td>
</tr>
<tr>
<td>NFI</td>
<td>Index ranges from zero to 1.00, with value close to 0.95 reflect a good model fit.</td>
</tr>
<tr>
<td>CFI</td>
<td>Index value ranges from zero to 1.00, with value close to 0.95 indicate a super fit.</td>
</tr>
<tr>
<td>RMSEA</td>
<td>If RMSEA is between 0.05 and 0.08, it indicates good fit model.</td>
</tr>
</tbody>
</table>


5.2.3 Model Modification

Once the model interpretation from the output is completed, the researcher makes sure whether the model fit and/or looking for new methods to improve model fit by adding or deleting estimated parameters from the original model. Hair (2003) mentioned that if the estimated parameters including the regression weight, standard regression weight, covariance/variance matrix and model fit index estimated by the method does not adequately reproduce, the model can be adjusted and/or modified. To adjust a model, indicators are added or original ones are removed.

According to Kline (1998) and Hair (2003), standardized regression weight interpreted as the correlation between the indicators and the corresponding common latent variable. The t-value (critical ratio) tests whether the path diagram is statistically
significant at p value 0.05. The value of standardized regression weight should be less than one (<1), and t-value (critical ratio) should be greater than 1.96 (>1.96).

Therefore, it is important that adjusting a model after initial testing improves the parameter estimates including standard regression weight, t-value (critical ratio), square multiple correlations and measure of model fit.

5.2.4 Results of CFA for One-Factor Models

In this measurement model or confirmatory factor analysis, all factors are supposed to indicate latent variables although there are other ways to mention them as constructs or factors. The observed variables are used here as indicators. The single-arrow headed line that points from a latent variable to an indicator represents the presumed direct causal effect of the latent variable on the indicators. The line that points to an indicator from measurement error reflects all other sources of variance not explained by the indicator’s underlying factor. The process of CFA or measurement model for customer satisfaction is illustrated in Figure 5.5.

Figure 5.5 CFA of Customer Satisfactions (SAT)
In the above Figure 5.5, customer satisfaction represents a latent variable (factor) which is labelled with *Satisfaction*, and the indicators (observed variables) are depicted with *SATs*, and measurement error terms with *es*. Measurement error terms are the normal part of the CFA to include all other sources of variance for each indicator. However, according to the result they are found not to be significant.

According to the table of operationalization from Chapter 3 and the questionnaire, there are five indicators and one latent variable in the model. Based on the data collected from the completed questionnaires, the researcher used an AMOS 6 program to run the data for measurement model analysis. The results from measurement model have shown goodness-of-fit indices as stated below.

**Table 5.8 Goodness-of-fit summary for Customer Satisfaction (CFA)**

<table>
<thead>
<tr>
<th>Model</th>
<th>(X^2)</th>
<th>df</th>
<th>(X^2/df)</th>
<th>CFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Factor</td>
<td>10.775</td>
<td>5</td>
<td>2.155</td>
<td>0.997</td>
<td>0.994</td>
<td>0.054</td>
</tr>
</tbody>
</table>

The fit indices that the researcher uses in this research are comparative fit index (CFI), norm fit index (NFI) and the root mean square error of approximation (RMSEA). As stated in goodness-of-fit indices in the above, CFI and NFI value ranges are higher than 0.95 indicating a good fit. \(X^2/df\) or the chi-square to degree of freedom is 2.155. As suggested by Kline (1998), if a ratio of chi-square to degree of freedom was less than or equal to 3, it indicated a good model fit. The satisfactory value of RMEA close to 0.05 represent a good fit. Hence, the above fit indices met the criteria and it is considered that the model is a good fit.
Moreover, all standardized regression weights to satisfaction are higher than 0.8, all t-value (critical ratio) are greater than 1.96 at significant level of p value 0.05, and all have significant paths indicating that the indication are good measure of satisfaction.

**Table 5.9 Result of CFA for Customer Satisfaction Model**

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized Regression Weight</th>
<th>t-value</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAT1 &lt;--- satisfaction</td>
<td>0.867</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>SAT2 &lt;--- satisfaction</td>
<td>0.878</td>
<td>23.885</td>
<td>.000</td>
</tr>
<tr>
<td>SAT3 &lt;--- satisfaction</td>
<td>0.861</td>
<td>23.048</td>
<td>.000</td>
</tr>
<tr>
<td>SAT4 &lt;--- satisfaction</td>
<td>0.859</td>
<td>22.913</td>
<td>.000</td>
</tr>
<tr>
<td>SAT5 &lt;--- satisfaction</td>
<td>0.877</td>
<td>23.840</td>
<td>.000</td>
</tr>
</tbody>
</table>

_Standardized Regression Weights should be <1.0 (Kline, 1998)_

_Critical Ratio needs to be > 1.96 (Hair, 2001)_

Another latent variable, cognitive brand loyalty, mentioned with “Cognitive” is shown below with indicators depicted with COGs and measurement error term as es.

**Figure 5.6 CFA of Cognitive Brand Loyalty (COG)**

![CFA of Cognitive Brand Loyalty](image)

There are five indicators and one latent variable in the original model for cognitive brand loyalty. Cognitive brand loyalty represents a latent variable (factor) which labeled with _Cognitive_, and the indicators (observed variables) are depicted with
**COGs**, and measurement error terms with es. However, the result of the fit indices does not meet with the criteria and need to adjust the model.

After reviewing the parameters in the covariance section from modification index (M.I) from the data output, there is one parameter representing higher intercorrelation between COG1 and COG2. So, the researcher reviewed questionnaires of these two items. The meaning of these two questions is quite similar. Then the researcher looked the next step in which one of indicators should delete or remove from the model. The next step is detail reviewing in parameter estimates such as standardized regression weight and t-value (critical ratio). The standardized regression weight of COG2 is greater than one and the t-value (critical ratio) of COG2 is less than 1.96 which is not significant. Therefore, the original model was modified to be a new model (by deleting COG2 or Knowledge of better service) as shown in Figure 5.6 with result below.

From the results of the model, all the fit indices are also closer to the criteria of goodness-of-fit and considered as good fit for the data that the researcher collected as shown in Table 5.9.

**Table 5.10 Goodness-of-fit summary for Cognitive Brand Loyalty (CFA)**

<table>
<thead>
<tr>
<th>Model</th>
<th>$X^2$</th>
<th>df</th>
<th>$X^2$/df</th>
<th>CFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Factor</td>
<td>5.144</td>
<td>2</td>
<td>2.572</td>
<td>0.997</td>
<td>0.995</td>
<td>0.063</td>
</tr>
</tbody>
</table>

$p < 0.05$

The standardized regression weights and t-value (critical ratio) of all items from output of new model CFA cognitive brand loyalty are listed in Table 5.10 and they all are statically significant at p value 0.05.
Table 5.11 Result of CFA for Cognitive Brand Loyalty

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized Regression Weight</th>
<th>t-value</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>COG1</td>
<td>Cognitive</td>
<td>0.841</td>
<td>.000</td>
</tr>
<tr>
<td>COG3</td>
<td>Cognitive</td>
<td>0.790</td>
<td>18.126</td>
</tr>
<tr>
<td>COG4</td>
<td>Cognitive</td>
<td>0.834</td>
<td>19.586</td>
</tr>
<tr>
<td>COG5</td>
<td>Cognitive</td>
<td>0.858</td>
<td>20.320</td>
</tr>
</tbody>
</table>

Standardized Regression Weights should be <1.0 (Kline, 1998)
Critical Ratio needs to be > 1.96 (Hair, 2001)

Another latent variable, affective brand loyalty, mentioned with “Affective” is shown below with indicators depicted with AFFs and measurement error term as es.

Figure 5.7 CFA of Affective Brand Loyalty (Affect)

Without doing any modification from the original model, the overall tests of model fit indicate that this model is consistent or fit with the data. The CFA and NFI are close to 1.0 and RMSEA is in the range between 0.05 and 0.08 which shows the good fit. Again, the ratio of chi-square to degree of freedom is 1.569 indicating a model fit. Therefore in this model, the relative chi-square is less than 5 at 1.569 as shown in Table 5.11 which indicated sufficient evidence to support the model that is adequate.
Moreover, there is nothing to adjust in Modification Index (M.I) and the factor loadings of all items to affective brand loyalty including standardized regression weight and t-value (critical ratio) are significant at p value 0.05 as shown in Table 5.12.

Table 5.13 Result of CFA for Affective Brand Loyalty

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized Regression Weight</th>
<th>t-value</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affect1 &lt;--- Affective</td>
<td>0.858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affect2 &lt;--- Affective</td>
<td>0.831</td>
<td>21.078</td>
<td>.000</td>
</tr>
<tr>
<td>Affect3 &lt;--- Affective</td>
<td>0.855</td>
<td>22.130</td>
<td>.000</td>
</tr>
<tr>
<td>Affect4 &lt;--- Affective</td>
<td>0.850</td>
<td>21.918</td>
<td>.000</td>
</tr>
<tr>
<td>Affect5 &lt;--- Affective</td>
<td>0.876</td>
<td>23.131</td>
<td>.000</td>
</tr>
</tbody>
</table>

*Standardized Regression Weights should be <1.0 (Kline, 1998)*

*Critical Ratio needs to be > 1.96 (Hair, 2001)*

Again, another latent variable, conative brand loyalty, mentioned with “Conative” is shown below with indicators depicted with AFTs and measurement error term as es.
CFA model for conative brand loyalty as described in Figure 5.7 was tested. After data analyzing of the original model, all fit indices do not meet the criteria, which means that the models are not fit to the data and it requires an adjustment based on the modification indices (MI).

Regarding information of M.I, there is an evidence of misspecification associated between CON5 and CON4 with a larger MI values than those remaining. There is also found that these two questionnaires are quite similar which measure conative brand loyalty. Again, when the researcher review the parameter estimates, the t-value of COG5 is less than 1.96 while t-value of CON4 is greater than 1.96 which is significant at p value 0.05. Therefore, COG5 was removed from the original model.

As the result shown in Table 5.13 of summary of goodness-of-fit index, all the fit indices are fit to the criteria and the model is considered as a good fit model.

<table>
<thead>
<tr>
<th>Model</th>
<th>$X^2$</th>
<th>df</th>
<th>$X^2$/df</th>
<th>CFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Factor</td>
<td>7.855</td>
<td>2</td>
<td>3.928</td>
<td>0.995</td>
<td>0.993</td>
<td>0.086</td>
</tr>
</tbody>
</table>

Finally, all the estimated parameters including standardized regression weight and t-value (critical ratio) stated in Table 5.14 for factor loading of each measure variable show good after removing CON5.
Table 5.15 Result of CFA for Conative Brand Loyalty

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized Regression Weights</th>
<th>t-value</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Con1 &lt;--- Conative</td>
<td>0.820</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Con2 &lt;--- Conative</td>
<td>0.877</td>
<td>20.831</td>
<td>.000</td>
</tr>
<tr>
<td>Con3 &lt;--- Conative</td>
<td>0.839</td>
<td>19.605</td>
<td>.000</td>
</tr>
<tr>
<td>Con4 &lt;--- Conative</td>
<td>0.881</td>
<td>20.973</td>
<td>.000</td>
</tr>
</tbody>
</table>

*Standardized Regression Weights should be <1.0 (Kline, 1998)*
*Critical Ratio needs to be > 1.96 (Hair, 2001)*

After analyzing of satisfaction and each of three stages of attitudinal brand loyalty separately, they will be jointly analyzed for CFA by four-factor model or multifactor model.

5.2.5 Result of CFA for Four-Factor Model or Multifactor Model

Kline, 1998 suggested that a one-factor model could be tested as only part of a path analysis because the indicators seem to measure only one latent variable and do not show discriminant validity which refers to the distinctiveness of the latent variables measured by different sets of indicators. In other words, it examines whether it has cross loadings among indicators and other groups of latent variables. Multifactor CFA model, the specification of each indicator loads on a single latent variable provides a very specific test of convergent and discriminant validity. In this study, therefore, the researcher proceeds to multifactor analysis to make sure not to have error in the measurement among the indicators and latent variables.

As complement to this measure, although the overall model fit is reasonably good however, there is an evidence of misfit in the model based on modification index (M.I). After reviewing of the MI for the covariances there are still three parameters indicating of cross-loadings. Compare with MI values for all other covariances parameters estimates,
the association between SAT1 and AFF4, COG5 and AFF3, and AFF5 and CON4 are exceptionally high. Therefore, the indicators SAT1, COG5, AFF5 have removed from the model.

**Figure 5.9 Multifactor CFA Model**

That means, for example, although SAT1 was postulated load on the customer satisfaction factor, it may load more appropriately on the affective brand loyalty latent variable. Alternatively, the SAT1 which measures customer satisfaction also measure affective brand loyalty. Thus, the final model was renewed as shown in Figure 5.9.
Table 5.16 Goodness-of-fit summary for Multifactor model (CFA)

<table>
<thead>
<tr>
<th>Model</th>
<th>$X^2$</th>
<th>df</th>
<th>$X^2/df$</th>
<th>CFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifactor</td>
<td>204.45</td>
<td>84</td>
<td>2.434</td>
<td>0.981</td>
<td>0.968</td>
<td>0.60</td>
</tr>
</tbody>
</table>

The new model met the criteria of goodness-of-fit and was considered as a good fit model for the data. Finally, values of fit indexes with more standardized metrics also indicate a preference for the multifactor model as shown in Table 5.16.

Table 5.17 Result of CFA for Multifactor Model

<table>
<thead>
<tr>
<th>Path</th>
<th>Operational Components</th>
<th>Standardized Regression</th>
<th>t-value</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>SAT5: Satisfaction with decision to stay</td>
<td>.897</td>
<td>48.626</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>SAT4: Service exceeding expectation</td>
<td>.861</td>
<td>51.442</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>SAT3: Receiving full value of money</td>
<td>.854</td>
<td>52.900</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>SAT2: Believing right to stay</td>
<td>.856</td>
<td>53.610</td>
<td>.000</td>
</tr>
<tr>
<td>Cognitive</td>
<td>COG4: Believing the first choice in mind</td>
<td>.809</td>
<td>52.006</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>COG3: Knowledge of more benefits</td>
<td>.790</td>
<td>57.748</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>COG1: Knowledge of superior service quality</td>
<td>.862</td>
<td>51.992</td>
<td>.000</td>
</tr>
<tr>
<td>Affective</td>
<td>AFF4: Feeling as second home</td>
<td>.858</td>
<td>55.129</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>AFF3: Preference of this hotel</td>
<td>.850</td>
<td>48.384</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>AFF2: Feeling better at this hotel</td>
<td>.826</td>
<td>53.137</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>AFF1: Love to stay</td>
<td>.859</td>
<td>56.260</td>
<td>.000</td>
</tr>
<tr>
<td>Conative</td>
<td>CON4: Telling positive things about hotel</td>
<td>.913</td>
<td>43.901</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>CON3: First choice in next visit</td>
<td>.828</td>
<td>53.118</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>CON2: Intention to continue to stay</td>
<td>.837</td>
<td>53.722</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>CON1: Price tolerance</td>
<td>.826</td>
<td>51.312</td>
<td>.000</td>
</tr>
</tbody>
</table>

Standardized Regression Weights should be <1.0 (Kline, 1998)
Critical Ratio needs to be > 1.96 (Hair, 2001)

All the factors loading parameters estimates including regression weights and t-value (critical ratio) are substantively reasonable and statistically significant. The results
of all the standard regressions weights are less than 1 and t-value (critical ratio) are significant at p value of 0.05 as shown in Table 5.16. Therefore, this multifactor of CFA can be represented by absolute, incremental, and parsimonious fit measures

5.2.6 Composite Reliability Test

Once the overall model fit has been evaluated, the measurement of each latent variable can be assessed for reliability. There are two ways of doing reliability test; Cronbach’s alpha and Composite reliability. However, Hair (2001) urged that Cronbach’s alpha does not make sure the unidimensionality but assumes it exists. It means the Cronbach’s alpha does not make sure the calculation of reliability when the indicators of a latent variable have accepted fit on a single latent variable but it considers only exist. Therefore, the researcher used the composite reliability test which measures the internal consistency of the indicators by revealing the degree to which “indicate” the latent variable. The reliability is accepted in nature if its value is between 0.70 and 1.00.

As the results of composite reliability test shown in Table 5.17, the reliability of all latent variables exceed 0.8 indicating statistically significance of each one.

Table 5.18 Result of Composite Reliability Test

<table>
<thead>
<tr>
<th>Latent Variables</th>
<th>C.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>0.907</td>
</tr>
<tr>
<td>Cognitive</td>
<td>0.923</td>
</tr>
<tr>
<td>Affective</td>
<td>0.912</td>
</tr>
<tr>
<td>Conative</td>
<td>0.854</td>
</tr>
</tbody>
</table>
5.2.7 Structural Equation Modeling Analysis

The structural model shown in the Figure 5.10 is based on the conceptual model in Chapter 3. The latent variables and their remaining indicators after CFA are included in the structural model. The endogenous variable is Customer Satisfaction and the exogenous variables are Cognitive, Affective, Conative and Behavioral Brand Loyalty.

5.2.7.1 The Structure Model

After the researcher has done the Confirmatory Factor Analysis (CFA) by modifying all one factor models as well as multifactor model based on the modification index (MI) and parameter estimates, the structural model is recommended and ready to conduct path analysis. In other words, since the overall model has been accepted by doing confirmatory factor analysis for measurement model, the researcher can continue to do structural model analysis.
From the results shown in Table 5.18 for goodness-of-fit indices, the Chi-square value of 408.242 with 101 degrees of freedom is statistically significant at p value less than 0.05. The model met the criteria since all fit indicators; RMSEA (0.063), CFI (0.936)
and NFI (0.921) are indicating a very good fit. Therefore, this model is considered as a good fit model according to the goodness-of-fits index of SEM model.

Table 5.20 Regression Weights of Structural Model

<table>
<thead>
<tr>
<th>Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive &lt;--- Satisfaction</td>
<td>.940</td>
<td>.038</td>
<td>24.820</td>
<td>.000</td>
<td>par_12</td>
</tr>
<tr>
<td>Affective &lt;--- Cognitive</td>
<td>.977</td>
<td>.041</td>
<td>23.655</td>
<td>.000</td>
<td>par_13</td>
</tr>
<tr>
<td>Conative &lt;--- Affective</td>
<td>.817</td>
<td>.046</td>
<td>17.902</td>
<td>.000</td>
<td>par_14</td>
</tr>
<tr>
<td>Behavioral &lt;--- Satisfaction</td>
<td>.089</td>
<td>.085</td>
<td>1.049</td>
<td>.294</td>
<td>par_15</td>
</tr>
<tr>
<td>Behavioral &lt;--- Conative</td>
<td>.754</td>
<td>.104</td>
<td>7.250</td>
<td>.003</td>
<td>par_16</td>
</tr>
</tbody>
</table>

*Standardized Regression Weights should be <1.0 (Kline, 1998)
Critical Ratio needs to be > 1.96 (Hair, 2001)*

In addition, the estimated parameters for factor loading of each measured variable are tested and shown in Table 5.19. As Kline (1998) suggests that the regression weight should have absolute values less than 1.0 because they are correlations and they all have less than 1.0. The statistic test here is t-value (critical ratio), which represents the parameter estimate divided by its standard error. Based on the significant level of p value 0.05, the t-value (critical ratio) needs to be > 1.96 and all t-value (critical ratios) are statistically significant except the path of satisfaction to behavioral. Therefore, the direct path from satisfaction to behavioral was not significant with t-value (critical ratio) 1.049.

According to Kline (1998), the squared multiple correlation (R^2) is the percent of the variance in the indicators attributed to the latent variables in the model. R-square can be any value between 0 and 1, with a value closer to 1 indicating that a greater proportion of variance is accounted for by the model. For cognitive brand loyalty, squared multiple
correlation (R2) is equal to .967, which indicates that about 96.7% of the variation in cognitive brand loyalty is explained by Satisfaction.

Table 5.21 Squared Multiple Correlations for Structural Model

<table>
<thead>
<tr>
<th>Brand Loyalty</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>.967</td>
</tr>
<tr>
<td>Affective</td>
<td>.994</td>
</tr>
<tr>
<td>Conative</td>
<td>.879</td>
</tr>
<tr>
<td>Behavioral</td>
<td>.420</td>
</tr>
</tbody>
</table>

Similarly, R-square of affective brand loyalty is equal to .994, which means that 99.4% of the variation in affective brand loyalty is explained by satisfaction and cognitive brand loyalty. In conative, 87.9% of the variation is accounted for by satisfaction, cognitive brand loyalty and affective brand loyalty while in behavioral brand loyalty; 42% of variation is explained by satisfaction, cognitive brand loyalty, affective brand loyalty and conative brand loyalty.

5.2.7.2 The Rival Model

Bollen and Long (1992) suggested that the researchers should not test only a proposed model but should compare with rival model. Moreover, Hair (2001) also suggests that obtaining an acceptable level of fit for both measurement and structural models does not confirm the best model has been found. It will be the strongest test of a proposed model if compare with the rival model that represent different hypothetical structural relationship. According to the procedures presented by Morgan and Hunt (1994), a rival model is one with the precursors affect relationship performance directly.
Therefore, in this study, the researcher developed a rival model in which all the mediating latent variables have direct path to behavioral brand loyalty. For example, there is direct path from cognitive to behavioral brand loyalty in the rival model while there is no direct path in proposed model. At the same time, affective and conative brand loyalties are still allowed to mediate in the relationships.

Figure 5.11 Rival Model

The most common statistical tests for model comparison between proposed model and a rival model are (1) overall fit of the competing models relative to degrees of
freedom and (2) compare the parameter estimation of the models. In fact, there could be a number of rival models to test and compare. However, using one rival model would be significant to test the supremacy of the proposal model.

Table 5.22 Goodness-of-fit summary for Rival Model

<table>
<thead>
<tr>
<th>Model</th>
<th>$X^2$</th>
<th>df</th>
<th>$X^2$/df</th>
<th>CFI</th>
<th>NFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor</td>
<td>508.108</td>
<td>99</td>
<td>5.132</td>
<td>0.936</td>
<td>0.922</td>
<td>0.102</td>
</tr>
</tbody>
</table>

According to Table 5.21, the estimation of a rival model has an overall Chi-square value of 508.108, a CFI of 0.936, a NFI of 0.922, and an RMSEA of 0.102. Although all the fit indices met the criteria of goodness-of-fit model the parameters estimation of the model are not good compared to the fit model.

Table 5.23 Regression Weights of Rival Model

<table>
<thead>
<tr>
<th>Path</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive &lt;--- Satisfaction</td>
<td>.940</td>
<td>.038</td>
<td>24.826</td>
<td>.000</td>
<td>par_12</td>
</tr>
<tr>
<td>Affective &lt;--- Cognitive</td>
<td>.975</td>
<td>.041</td>
<td>23.583</td>
<td>.000</td>
<td>par_13</td>
</tr>
<tr>
<td>Conative &lt;--- Affective</td>
<td>.818</td>
<td>.046</td>
<td>17.861</td>
<td>.000</td>
<td>par_14</td>
</tr>
<tr>
<td>Behavioral &lt;--- Satisfaction</td>
<td>-.134</td>
<td>.418</td>
<td>-.321</td>
<td>.748</td>
<td>par_15</td>
</tr>
<tr>
<td>Behavioral &lt;--- Conative</td>
<td>.106</td>
<td>.134</td>
<td>.797</td>
<td>.425</td>
<td>par_16</td>
</tr>
<tr>
<td>Behavioral &lt;--- Cognitive</td>
<td>-3.338</td>
<td>6.322</td>
<td>-.528</td>
<td>.598</td>
<td>par_17</td>
</tr>
<tr>
<td>Behavioral &lt;--- Affective</td>
<td>3.822</td>
<td>6.356</td>
<td>.601</td>
<td>.548</td>
<td>par_18</td>
</tr>
</tbody>
</table>

Standardized Regression Weights should be <1.0 (Kline, 1998)
Critical Ratio needs to be > 1.96 (Hair, 2001)

The values of factor loadings from cognitive brand loyalty to behavioral brand loyalty, affective brand loyalty to behavioral brand loyalty show higher than 1.0.
Moreover, the critical ratios of satisfaction to behavioral brand loyalty, conative brand loyalty to behavioral brand loyalty, cognitive brand loyalty to behavioral brand loyalty and affective brand loyalty to behavioral brand loyalty are less than 1.96 at the significant level of greater than 0.05 as shown in Table 5.22. In addition, there are negative signs shown between satisfaction to behavioral brand loyalty and cognitive brand loyalty to behavioral brand loyalty. Therefore, it confirms that the rival model is poorly fit. Therefore, the finding from hypothesized structural model was utilized for further discussion.

5.3 Result of Hypothesis Testing

As a result of the structural model analysis (Figure 5.10), the hypothesis statements of this study mentioned in Chapter 3 could be concluded as follows;

Ho1: There is no relationship between customer satisfaction and cognitive brand loyalty.
Ha1: There is a relationship between customer satisfaction and cognitive brand loyalty.

The relationship between customer satisfaction and cognitive brand loyalty was found to be statistically significant at 0.05 level of confidence interval (t-value = 24.820). Therefore, the null hypothesis Ho1 was rejected.

Ho2: There is no relationship between cognitive brand loyalty and affective brand loyalty.
Ha2: There is a relationship between cognitive brand loyalty and affective brand loyalty.
The relationship between cognitive brand loyalty and affective brand loyalty was found to be statistically significant at 0.05 level of confidence interval (t-value = 23.655). Therefore, the null hypothesis Ho2 was rejected.

Ho3: There is no relationship between affective brand loyalty and conative brand loyalty.
Ha3: There is a relationship between affective brand loyalty and conative brand loyalty.

The relationship between affective brand loyalty and conative brand loyalty was statistically significant at 0.05 level of confidence interval (t-value = 17.902). Therefore, the null hypothesis Ho3 was rejected.

Ho4: There is no relationship between conative brand loyalty and behavioral brand loyalty.
Ha4: There is a relationship between conative brand loyalty and behavioral brand loyalty.

The relationship between conative brand loyalty and behavioral brand loyalty was statistically significant at 0.05 level of confidence interval (t-value = 4.582). Therefore, the null hypothesis Ho4 was rejected.

Ho5: There is no relationship between customer satisfaction and behavioral brand loyalty.
Ha5: There is a relationship between customer satisfaction and behavioral brand loyalty.

The relationship between customer satisfaction and behavioral brand loyalty was statistically not significant at 0.05 level of confidence internal (t-value = 1.049). Therefore, the null hypothesis Ho5 was accepted.
CHAPTER VI

SUMMARY OF FINDINGS, RECOMMENDATIONS, AND CONCLUSIONS

This chapter consists of three parts. The first part shows the summary of the major findings of this research and the summary of hypothesis testing. The second part presents specific recommendations based on the findings of this research and suggestions for further research, and finally the third part is conclusions.

6.1 Summary of Findings

6.1.1 Descriptive Analysis for Demographic Profile

*Gender:* From the descriptive analysis part, 400 questionnaires were distributed to female respondents that accounted for 170 persons or 42.5% and to male respondents that accounted for 230 persons or 57.5%.

*Age:* The largest percentage of respondents’ age is 20-40 years old, which accounted for 52.5% or 210 persons followed by age between 41-60 years with 31.8% or 127 persons.

*Nationality:* In terms of nationality, the largest group is European with total of 129 respondents or 32.3%. 88 persons or 22.3% of respondents are Asian followed by American with 60 persons or 15%. Then, Oceania are accounted for 38 person or 9.5% while other respondents are 14 persons or 3.5%.

*Tourist Type:* A majority of tourists who come to Bangkok and stay in moderate class hotels were leisure type and business type of tourist. Leisure type of tourist
accounted for 48.3% or 193 persons follow by business type accounted for 34.3% or 137 persons.

6.1.2 Descriptive Analysis for Latent Variables

From the finding in Table 5.6, conative brand loyalty ranked first among the latent variables, with total mean of 6.61 and standard deviation of 1.40. The respondents strongly agree that they have commitment to come back and stay again in the hotel in future. They like to say positive things to other people about the hotel based on the hotel’s offering. It can be concluded that the respondents are conatively loyal by having intention to stay again in future.

Customer satisfaction followed second with total value of mean 6.43 and standard deviation of 1.41. The respondents strongly agree that their decision to stay the hotel were right and believe they received the full value of money. Overall, the respondents agree that they are satisfied by the hotels’ services and products.

Affective brand loyalty followed third with total mean of 5.65 with standard deviation of 1.36, which exhibits that the guests have affectively loyal by having favorable attitude towards the brand due to brand performance. The respondents agree that they love to stay in the hotel and feel that the hotel is second home for them.

Finally, cognitive brand loyalty rated total mean 5.30 with standard deviation of 1.33, which was the lowest among all variables. It showed that they have knowledge and a set of beliefs on that brand as they were satisfied with the hotels’ offerings. It is perceived by the respondents as “agree” rating since they believe in the consistency of service standard of the hotel and in receiving of superior service quality.
6.1.3 Structural Model Results

After the researcher has done confirmatory factor analysis or multifactor analysis to find whether the fit of the measurement model is found acceptable or not, the results revealed that the model fit quite well and the model is parsimonious after deleting some indicators as shown in Table 5.16. It provides a good basis for hypothesis testing. Therefore the researcher proceeded to structural model analysis and found that was statistically significant and it was the model that is parsimonious.

Table 6.1 Summary of Hypothesis Testing Results from SEM Analysis

<table>
<thead>
<tr>
<th>Path</th>
<th>Hypothesis</th>
<th>Coefficient</th>
<th>t-value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction ➞</td>
<td>Cognitive</td>
<td>H₁</td>
<td>.940</td>
<td>24.820</td>
</tr>
<tr>
<td>Cognitive ➞</td>
<td>Affective</td>
<td>H₂</td>
<td>.977</td>
<td>23.655</td>
</tr>
<tr>
<td>Affective ➞</td>
<td>Conative</td>
<td>H₃</td>
<td>.817</td>
<td>17.902</td>
</tr>
<tr>
<td>Conative ➞</td>
<td>Behavioral</td>
<td>H₄</td>
<td>.754</td>
<td>4.582</td>
</tr>
<tr>
<td>Satisfaction ➞</td>
<td>Behavioral</td>
<td>H₅</td>
<td>.089</td>
<td>1.049</td>
</tr>
</tbody>
</table>

Goodness-of-fit statistics: $X^2 = 408.242, p = 0.000, X^2/df = 4.042, CFI = 0.936, NFI = 0.921, RMSEA = 0.063$

Table 6.1 summarized the structural model results from the model, as shown in Figure 5.10. From the results, goodness-of-fit and practical indices were good and the research can conclude that all hypotheses were rejected except $H_5$.

From the result of Table 6.1, customer satisfaction has positively influenced on cognitive brand loyalty by having standardized regression weight less than 1, t-value is 24.820 which is greater than 1.96 with significant level at p value 0.005. Therefore, the result shows that once the customer has satisfaction, a customer becomes initially cognitively loyal based on beliefs about the brand attributed. Based on the experience of staying in that hotel and after satisfied with the service, the customer has a set of beliefs
that include the service is superior to other brands within that category. On the other hand, if the hotel gives the customers a good service and brand performance that makes easy for the customer to elaborate the information. Then, customers will be satisfied with the service and develop a positive attitude of knowledge and commitment on the brand.

Moreover, this process confirms Oliver’s (1993), study that based on customer satisfaction the customer will have knowledge of brand performance after they have satisfaction on a specific brand and they have belief which is considered as cognitive brand loyalty.

Again, the standardized regression weight of the path from cognitive brand loyalty to affective brand loyalty is less than one and t-value is 23.655 which is higher than 1.96, therefore, it is statistically significant. Thus this result confirmed that the cognitive brand loyalty has a positive relationship with affective brand loyalty and it was consistent with Oliver’s (1997) proved that customers’ affective brand loyalty was not directly affected by their satisfaction level. Therefore, the customers become affectively loyal not because of their satisfaction with the brand performance but only after they have passed the process of initial loyalty which is about knowledge and a set of beliefs on that service.

Additionally, the finding is consistent with the previous study that customer’s strong beliefs about brand quality have increased the degree of “liking”. Moreover, it is also consistent with Back and Park (2003) study that the mediating effect of cognitive brand loyalty took a place in the relationship between customer satisfaction and affective brand loyalty. Therefore, it confirms that customers became affective brand loyal only after they were cognitive brand loyal or only after their beliefs about the specific brand.
There is also a strong direct relationship between affective brand loyalty and conative brand loyalty because its standardized regression is less than one and t-value 17.902 which is greater than 1.96 with significant level 0.05. Therefore this result shows that customer’s feelings, moods, or emotional responses towards the product or service is very important to become a loyalty of that specific brand. In addition, customer who has positive affective reactions on the hotel will have positive intention to stay more in that hotel in the future. Moreover, this study confirms the previous studies of Dick and Basu (1994), and Back and Parks (2003) that once the customer becomes affectively loyal with pleasurable fulfillment based on the brand performance, and then the customer becomes conatively loyal with a brand-specific commitment.

There is also a positive effect of conative brand loyalty on behavioral brand loyalty as well with standardized regression less than 1 and t-value 4.582 which is greater than 1.96. Thus, it is statistically significant at p value 0.05. This finding, therefore, is consistent with previous findings theory of Ajzen and Fishbein’s (1980) that an actual behavioral was determined by the intention to perform that behavior. On the other hand, for those customers who have intention or willing to stay in that brand hotel in the future, they are more likely to do actual repurchase or actual stay in that hotel.

The above findings are summarized as follow in relation to two research objectives in Chapter 1.

Customer Satisfaction and Behavioral Brand Loyalty

Finally, the direct effect of customer satisfaction on behavioral brand loyalty was not significant as shown in Table 6.1. Customer satisfaction has no influenced on
cognitive brand loyalty because even the standardized regression weight is less than 1, t-value is 1.049 which is smaller than the standard value of 1.96 with significant level at p value greater than 0.05. Therefore, the result showed that there is no direct relationship between customer satisfaction and behavioral brand loyalty. Thus, this finding is consistent with previous studies Bitner (1990) and Back and Parks (2003) that level of customer satisfaction was not a determinant to repurchase product or actual behavioral to become loyalty.

Therefore, this result concludes that increasing customer satisfaction does not effect to increase brand loyalty in terms of repurchase or actual purchase. Thus, this study is consistent with other findings for different industries (Jones and Sasser, 1995 & Heskett, Sasser and Schlesinger, 1997)) that brand loyalty is not directly influenced by customer satisfaction.

Customer Satisfaction and Behavioral Brand Loyalty mediated by Attitudinal Brand Loyalty

Therefore, from the result, it is confirmed that satisfied customers become behaviorally brand loyal only after they progressed through the process of attitudinal brand loyalty. As illustrated in the conceptual framework, customer satisfaction is just the beginning of brand loyalty, which must be developed through three stages of attitudinal loyalty including cognitive brand loyalty, affective brand loyalty and cognitive brand loyalty. Alternatively, satisfied customers did not actually repurchase unless they attained attitudinal brand loyalty first.
However, there will be some exception in this result that even the customers who are satisfied with the brand performance may not become loyal to that brand. There could be some reasons why satisfied customers do not become behaviorally loyal to a brand. First, for some visitors they will not have any chance to come back to Bangkok even they think the hotel is great and they were satisfied while they stayed in that particular hotel. Second, some visitors may be price sensitive and will stay only for the best deal. Finally, as Kotler and Sasser (1995) mentioned they will not stay in that hotel anymore because they want to have experience in other hotels.

6.2 Conclusion

This study examined the ultimate effect of customer satisfaction on behavioral brand loyalty through attitudinal brand loyalty; cognitive, affective, and conative brand loyalty. As the result, it is found that there is a significant mediating effect of three types of attitudinal brand loyalty in the relationship between customer satisfaction and behavioral brand loyalty. It also confirmed Back and Parks (2003) theory that customer’s beliefs and attitudes develop to the behavioral intention. In addition, this research supported Oliver’s (1997) study that customers become truly brand loyal after they have gone through three processes of attitudinal brand loyalty namely cognitive brand loyalty, affective brand loyalty and conative brand loyalty.

Moreover, this study answers the question about the relationship between satisfaction and actual repeat purchasing behaviors as raised by Bowen and Shoemaker (1998). As shown in this study’s findings, the customer satisfaction of a brand initially did not directly increase the repurchase decision. In other words, the results show that
there is no direct relationship between customer satisfaction and behavioral brand loyalty, but the relationship exists and is significant only when mediated by those three phases of attitudinal brand loyalty. Thus, the findings from this study confirmed a positive and significant effect of customer satisfaction on behavioral brand loyalty only after mediated by attitudinal brand loyalty.

Finally, the research proves that the Structural Equation Modeling is a useful tool in analyzing many relationships among variable simultaneously.

6.3 Recommendation and Managerial Implication

This research finding showed that the customers’ behavioral brand loyalty involved customer satisfaction, and three phases of attitudinal brand loyalty. Again, it confirmed the previous study of Back and Parks (2003) that there is a significant mediating effect of attitudinal brand loyalty in the relationship between the customers’ satisfaction and their behavioral loyalty in terms of actual purchase or consumption of particular service. Moreover, it was found out that satisfied customers did not actually repurchase without the mediating effect of three phases of attitudinal brand loyalty.

The results reveal that the satisfied customer has a good set of beliefs and knowledge with the overall scores of 24.82, affective loyalty is examined by satisfaction and cognitive with the overall scores of 23.655, conative loyalty is examined by satisfaction, cognitive and affective with the overall scores of 17.902, and behavioral loyalty is examined by satisfaction, cognitive, affective and conative with the overall scores of 4.582, respectively. It indicates that once the customers have positive loyalty attitudes such as belief, effect, and intention, they have positive decision to repurchase or
repeat acquiring the service. Thus, the hotel management should consider on attitudinal process which includes beliefs, feeling, and willingness to purchase. In other words, from the aspect of marketing strategies, marketers should focus on the attitude of the existing customers toward their brand and to identify any needs that should be fulfilled.

The research also proved that the satisfied customers are not willing to come back for repeat purchase because behavioral loyalty was examined by satisfaction with the lower score of 1.049 compared to the score of 4.582 of behavioral brand loyalty being examined by satisfaction and attitudinal loyalty. Since the key that creates customers’ behavioral brand loyalty is more affected by attitudinal brand loyalty the researcher wants to point out the importance to go beyond the measurement of satisfaction. Thus, just customer satisfaction is not sufficient enough (although it is necessary); the attitudinal process needs to be enforced favorably to connect into behavioral brand loyalty. To emphasize it, customer satisfaction is necessary but no sufficient condition for behavioral brand loyalty.

In this context, the researcher would like to suggest hotel marketers to consider the following strategies which motivate their customers to be behaviorally loyal through attitudinal brand loyalty, as shown in Table 6.2.
### Table 6.2 Table of Operational Components and Strategies

<table>
<thead>
<tr>
<th>Number</th>
<th>Operational components</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Knowledge of superior service quality</td>
<td>Consistently providing high quality service</td>
</tr>
<tr>
<td>(2)</td>
<td>Knowledge of more benefit</td>
<td>Offering promotion for sometimes</td>
</tr>
<tr>
<td>(3)</td>
<td>Believing the first choice in mind</td>
<td>Providing value added features</td>
</tr>
<tr>
<td>(4)</td>
<td>Love to Stay &amp; Preference of the hotel</td>
<td>Keeping in touch with the guests</td>
</tr>
<tr>
<td>(5)</td>
<td>Feeling as a second home</td>
<td>Providing personalized service</td>
</tr>
<tr>
<td>(6)</td>
<td>Intention to continue to stay</td>
<td>Offering frequent guest program</td>
</tr>
<tr>
<td>(7)</td>
<td>Telling positive things about hotel</td>
<td>Offering the best value in terms of service</td>
</tr>
</tbody>
</table>

For each strategy, detail recommendations are given below.

1. **Knowledge of superior service quality**: *Consistently providing high quality service*

   Every guest recognizes and believes what kind of services they are going to get from the moderate class hotels in contrast to a particular brand such as Holiday and Marriott of the same class. Thus, a hotel should maintain and provide high quality service consistently in order to let the customers recognize that hotel offerings meet with their expectations. For instance, they know that they will receive the same services such as bedding system, room servicing and amenities from the bath room in every Marriott hotel according to Marriott brand standard for moderate class hotels. Again, they have knowledge that they will get a good standard of comfort, equipment, and breakfast service etc if they stay in moderate class hotels in Thailand. Therefore, a hotel needs to provide quality service as...
well as maintaining that service according to the brand standard or the moderate class hotel rating.

(2) Knowledge of more benefit  → Offering promotion for sometimes

Promotion is one of the common strategies to enforce brand loyalty as well. It can be used to develop cost leadership and create loyalty through switching costs. However, one thing a hotel should realize is that this promotion is good in some cases but not for all since it tends to have a negative impact on long-term profitability by doing this continuously. Especially in hotel industry in Thailand, they can use this strategy depending on tour season because there are few international tourists coming and staying in rainy season from beginning of June to end of August.

For example, they can develop “weekend promotion” for local customers when there are not a lot of international tourists and rooms are available. Because the basic theory to sell the room for the hotel is: “If you can not sell the room today, you will never get profit for that room for that day in the future”. Thus, by doing this kind of promotion, hotel will gain two benefits. First, they will get profit rather than leaving empty room for the day. Second, the customers will also see that they receive more benefit than what they paid for.

(3) Believing the first choice in mind  → Providing value added features

Today’s customers are generally more price conscious and they are looking for a better deal. Therefore, they have knowledge and information of the competitors’ products and services. Thus, the hotel should lift up their offerings until they meet the customers’ expectation. For instance, in this competitive
industry, some hotels provide wireless access as a value added feature within the hotel premises especially lobby and business lounge. If the hotel could provide the service the guests will be delighted with it by comparing with other competitors’ offering. Therefore, in order to get continuous attention from the customers and to get trust of the customers, the hotel should provide such value added features. Thus the customers will have confidence, and as the result that particular hotel or brand become the first choice in their mind no matter what is a change in the marketplace because they have experienced on the hotel’s offerings.

(4) Love to Stay and Preference of the hotel \(\Rightarrow\) Keeping in touch with the guests

To develop customer behavioural loyalty, the hotel must learn their customers’ needs and wants. So, in order to know their customers it is better to keep in touch with them. Knowing the customers’ preferences and thereby providing it would be beneficial for hotel in the longrun. For instance, welcoming with a branch of flowers and congratulation card for the guest’s wedding anniversary before they check in will create a favourable and memorable attitude towards the hotel. Such a customerized care is not expensive for the hotel but what the hotel gets from the guests was future long-term profitability generated by behavioural brand loyalty through affectively loyal to its particular brand. Another way of keeping in touch is to inform the guests by sending news and attractive package of the hotel by email for time to time or a monthly basis.

(5) Feeling as a second home \(\Rightarrow\) Providing personalized service

The hotel employees should provide services and assistance to their customer’s pleasure on an individual basis. When the hotel remembers their
repeat customers and gives individual attention, the customers have more positive and affective reaction on the particular hotel. For example, preparing and booking a dinner seat in non smoking area for who cannot stand smoking will create a favourite attitude on that service and will result in a feeling as a second home.

(6) Intention to continue to stay → **Offering frequent guest program**

Frequent guest program is one of the common strategies of hotels for brand loyalty leading to higher profitability in the long-term. It is one of the benefits that a hotel can motivate its existing guest or prospective guests. A customer’s ego is uplifted when he or she is rewarded for frequent stay status. Its frequent guest program can join with airlines launching frequent flyer program. It also can join with other big retail sector such as Tesco, and it can also cooperate with credit card companies such as Master Card and Visa Card. For example, Marriott Silver members are eager to become Gold members as they are promised by the hotel that they will get more benefits in contrast to Silver member status. Thus, this program makes the customers stay more in the future and continue to stay in this particular hotel in every visit.

(7) Telling positive things about hotel → **Offering the best value in terms of service**

Customers want to see what they receive from the money they paid for. Once they believe that they get more benefits compared to what they give then they easily become loyal and start telling positive things about that particular hotel or brand. Therefore, the hotel should always focus on offering the best value all the time. For example, the customers will be delighted with surprise if they are provided with “cold tower” upon their arrival at the hotel check in counter or
reception desk in a very hot weather. Another example, if the hotel can provide separate check in desk for frequent guest members such as gold and platinum, they do not need to wait in a long queue. The customers especially those who come frequently and have spent more money than the new customers are happy when they are treated as important persons from the hotel. Even group or package customers would be relaxed and happy when they are check in by special desks, and offered welcome drinks while waiting in the lobby rather than queuing. Their positive word-of-mouth free advertising will start instantly on the spot. Thus, if the customers are received the services more than what they have expected, then they could not help mentioning about it.

Thus, all of the above strategies and implementation are going beyond satisfaction level and enhancing on the attitudinal brand loyalty process which is the key to bring about behavioral brand loyalty on the part of satisfied customers.

6.4 Limitation and Suggestion for further study

The researcher has mentioned about limitation of the study earlier in Chapter1. However, the researcher would like to discuss more about limitation that are associated in this study. First, since this study focuses only on the hotel industry as a service industry, the results may not be applicable for other segments. Second, the data from this study were collected from only customers at a moderate class hotel in Bangkok area; therefore the other classifications of hotel segments may have different strength of effect of customers’ satisfaction on attitudinal brand loyalty as well as behavioral brand loyalty.
Moreover, the results may have a bit of bias and only for foreign customers because the respondents were only those who speak English and the study excluded Thai citizens.

In addition, the data for behavioral brand loyalty which measure proportion of actual days stayed at a specific brand hotel as compared with the number of days they stayed at all other brands in the past 12 months may not be accurate because the respondents may respond guessing frequency of their visits to the hotels. Therefore, further study should consider including the assurance of researcher access to the industry and to information on actual purchasing frequencies for the hotel by getting data from data base companies.
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Journal Articles


Books and Annuals


Websites:
http://www.atta.or.th/news/number/
http://www2.tat.or.th/stat/download
http://www.tatnews.org/tourism_news/2134.asp#c
Appendix (A)

Questionnaire

Dear Sir/Madam,

This questionnaire is prepared as a partial fulfillment of the requirements for the Degree of Master of Business Administration Assumption University.

Please indicate your opinion and feeling as to the extent to which you agree or disagree with the following statements about the service you received from the hotel that you have been currently staying. Please remember that there are no rights or wrong answers; instead we are interested in the markings that reflect your satisfaction level towards the service of moderate class (3 stars) that you are staying hotel in Bangkok. We assure that your information will be kept confidential.

Screening Questions

(1) Are you a Thai National?

Yes [ ] (Please discontinue)

No [ ] (Please fill the questionnaires)

(2) Did you stay in any moderately price hotels (3 stars hotels or equivalent) in Bangkok.

Yes [ ] (Please fill the questionnaires)

No [ ] (Please discontinue)
Please mark (√) in front of the appropriate number.

1 = Strongly Agree, 2 = Agree, 3 = Slightly Agree, 4 = Neither Agree nor Disagree, 5 = Slightly Disagree
6 = Disagree, 7 = Strongly Disagree

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Slightly Agree</th>
<th>Neither Agree nor Disagree</th>
<th>Slightly Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
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</table>

Customer satisfaction:
(Feeling of pleasure or disappointment resulting from comparing a service’s received performance in relation to expectation.)

1 I am happy about my decision to stay at this hotel.  
2 I believe I did the right thing when I stayed at this hotel.  
3 I believe I received the full value of money by staying in this hotel.  
4 By staying in this hotel, the service I received exceed my expectation to me.  
5 Overall, I am satisfied with the decision to stay at this hotel.

Cognitive brand loyalty:
(Loyalty in a sense of cognition on the basic of prior knowledge or belief on the brand)

6 The hotel provides me superior service quality as compared to any other hotel brands in its categories.  
7 No other hotel brand in this category performs better services than this hotel.  
8 I believe this hotel provides more benefits than other hotels in its category.  
9 Among the same category of hotels, this hotel is the first choice in my mind.  
10 I believe the standard of service offered in this hotel never changes.
Affective brand loyalty:
(A favorable attitude toward the brand on the basis of satisfaction, and knowledge and a set of beliefs on the brand)

11 I love staying at this hotel.  
12 I feel better when I stay at this hotel.  
13 I like this hotel more so than other hotel brands.  
14 I feel this hotel as my second home.  
15 I feel this hotel provides me superior services than any other hotels.

Conative brand loyalty:
(Commitment to have repurchase intention)

16 Even if another hotel brand is offering lower room rate, I still stay at this hotel.  
17 I intend to continue staying at this hotel.  
18 I consider this hotel to be my first lodging choice in the next visit.  
19 I will say positive things to other people about this hotel.  
20 I will definitely recommend my friends to stay at this hotel.

Behavioral brand loyalty:
(Behavior toward a specific brand in terms of repurchase)

21 Total number of days I stayed in this hotel is ______ days.  
22 Total number of days I stayed out in all hotels in Bangkok during the last 12 months is ______ days.