



WHY SATISFIED CUSTOMERS SWITCHED THE HOTEL

by

PANWAD NAKRAKSA

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

Master of Arts in Tourism Management

Graduate School of Business
Assumption University
Bangkok, Thailand

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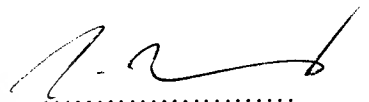
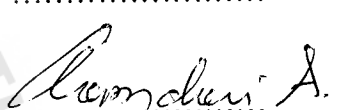

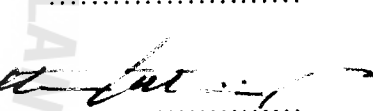
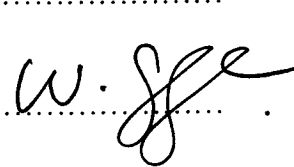
October, 2007

ACCEPTANCE

This dissertation was prepared under the direction of the candidate's Advisor and Committee Members/Examiners. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Master of Arts in Tourism Management in the Graduate School of Tourism Management of Assumption University of Thailand.

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Examined on : Wednesday October 24, 2007

ABSTRACT

Customer loyalty with a service is often seen as the key to a hotel's success and long term competitiveness. In the context of relationship marketing, customer satisfaction is often viewed as a central determinant of customer loyalty. Continuing customers generate benefits on both sides of the income statement in the form of higher revenues and lower costs. However, numerous studies focused on the relationship between satisfaction and loyalty and concluded that customer satisfaction does not guarantee customer loyalty. Hence, it is necessary for hoteliers to understand the customer attitude and decision-making process toward the switching behavior in the hotel business because customer switching behavior can have deleterious effect on the profitability and feasibility of hotels in the tourism industry.

The researcher selected the qualitative method to investigate the factors affecting the hotel switching behavior. Thirty informants were interviewed to share their experiences and attitude concerning "why satisfied customers switch the hotel when they return to the area". The researcher developed five propositions to collect the data. Purpose of the trip, member in the travel party, variety seeking, price sensitivity and competitive promotional strategies are considered as the independent variables while satisfied customers switch the hotel is the dependent variable.

The majority of the informants in this research are females, aged between 21-35 years and well educated. Most of them are working as business employees and have diverse income levels. Their reasons for switching hotels was that they were seeking variety.

The findings showed that there are six factors affecting the hotel switching behavior among satisfied customers; variety seeking, member in the travel party, price sensitivity, competitive promotional strategies, environment/ambiance change and location. The purpose of the trip has been removed and the environment/ambiance change and location have been added by the informants.

The research findings have important implications for the hoteliers. They should focus on these factors and use these factors as guidelines in proposing the strategies to struggle with the switching behavior in an effective and efficient way in the hotel operations.

Future research should incorporate a more extensive program in other segments in tourism with larger sample sizes and more diversity of samples than has been used in this research. Moreover, the future research may employ the combination of quantitative and qualitative methods to achieve the research goals more completely.

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This thesis was completed with assistance from many contributors. I would like to acknowledge contributions of others, who sacrificed their valuable time, gave immense support and information needed for this thesis.

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Panwad Nakraksa

Assumption University

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CHAPTER I

GENERALITIES OF THE STUDY

1.1 Introduction of the Study

- **Why the Customer Satisfaction and Customer Loyalty is important to the Hospitality Industry?**

An emerging global economy and competitive forces inherent in globalization is changing the nature of competition in the international hotel industry. It is widely recognized that hotel products are easily replicated by various establishments. Therefore, traditional competitive strategies based on product features have been proved to be inappropriate for sustainable long term growth. Hotel operators have been forced to search for new ways to differentiate themselves from competitors.

Faced with intense competition in the marketplace, it cannot be assumed that there is an unlimited customer base prepared to maintain patronage. It is imperative for hotels to modify hotel services to the changing needs and lifestyles of customers (Min et al., 2002) with a view to increasing customer loyalty and retention.

There is a consensus among practitioners and academics that customer satisfaction and service quality are prerequisites of loyalty (Gremler and Brown, 1997). Technical, economic, and psychological factors have been proposed as factors that can influence customers to switch suppliers (Gremler and Brown, 1997). Although price continues to play a role in maintaining customer loyalty, competitive pricing is unlikely to generate loyalty in the long-term (Schultz and Bailey, 2000), and

can have an adverse effect on a firm's medium-term and long-term viability (Ernst and Young, 1996).

Research conducted by Reichheld and Sasser (1990) suggested that a 5 per cent increase in customer loyalty could produce a profit increase of 25-80 per cent. Furthermore, they argued that the profitability derived from an individual customer grows during a business relationship. They also found that up to 60 per cent of increased sales to new customers could be attributed to customer recommendations - which is, itself, a form of customer loyalty.

Reichheld (2001) argued that a 5 per cent increase in customer retention yields a 75 per cent increase in net present value. Moreover, a study conducted by Heskett et al. (1994) showed that loyal customers can not only provide increased profits but also cover the losses incurred in dealing with less loyal customers. Similarly, Gronroos (2000) indicated that, in most businesses, loyal customers are willing to pay a premium price. It is therefore evident that the long-term benefits of a loyal customer - supplier relationship can be significant to any hospitality firm, as the "return on relationship" reflects directly on the firm's long-term financial outcome (Gummesson, 1999). In the same way, the service profit chain of Haskett et al. (1997) as shown in figure 1.1 demonstrated the relationships among customer satisfaction, customer loyalty, and profitability.

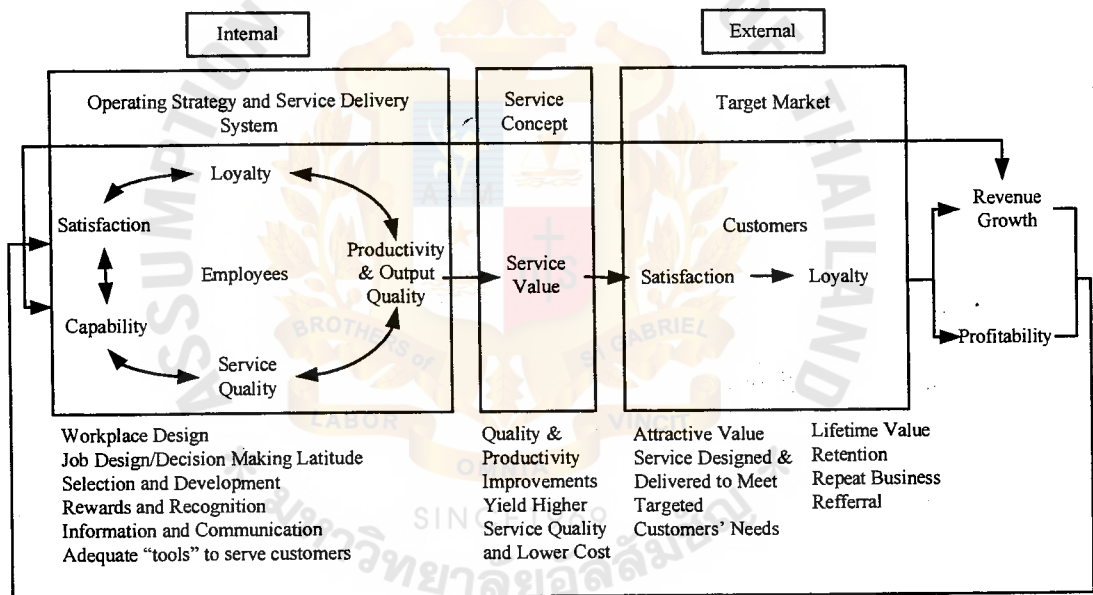
The service profit chain shows that:

1. Profit and growth are linked to customer loyalty
2. Customer loyalty is linked to customer satisfaction
3. Customer satisfaction is linked to service value
4. Service value is linked to employee productivity

5. Employee productivity is linked to loyalty
6. Employee loyalty is linked to employee satisfaction
7. Employee satisfaction is linked to internal quality of work life

They also discovered the strongest relationships between: customer loyalty , company growth and profitability; employee and customer satisfaction; and employee satisfaction and capability.

Figure 1.1: Service profit chain (Source: Heskett et al., 1997)



Continuing customers generate benefits on both sides of the income statement in the form of higher revenues and lower costs. Consequently, the customer switching behavior is a critical issue for the hoteliers to examine because customer switching behavior can have deleterious effect on the profitability and feasibility of firms in the market place (Fornell and Wernerfelt, 1987). Hence, it is an important implication for managers to take action to prevent customer switching in the hotel business.

- **Hospitality-Management Problems with Qualitative Approach**

Many hospitality-management questions are appropriately addressed with quantitative- research methods. In general, quantitative methods are selected when the research problem is reasonably well defined, a guiding theory is available, key constructs are known, and construct-valid measures exist. With those tools, the researcher can examine and explain relationships among phenomena and test for predictive validity. However in this case, it is vital to establish key constructs using qualitative approach, it provides opportunities to generate as many relevant constructs as possible.

The study of Kwortnik (2003) mentioned that quantitative analysis provides limited information for strategic decision making regarding many other hospitality-management issues. Examples include tracking guest satisfaction via comment cards and analysis of score frequencies and means, the managers tend to turn to qualitative data from suggestions guests provide on comment cards. Moreover, other research questions are simply not well suited to quantitative analysis for many reasons, including the extraordinary or novel nature of the problem, the psychological sensitivity of the research participants to the topic, or the ambiguity of the question under investigation. In this situation, qualitative-research techniques such as depth interviews and interpretive analysis can offer a means for discovery and enriched understanding.

This research is a study about the relationship between customer satisfaction and customer loyalty in the hospitality industry to identify the factors that influence satisfied customers to switch the hotel. Therefore, the researcher will conduct this

research with qualitative approach which the researcher considers as the most suitable way to answer the research problem.

1.2 Statement of the Problem

Hotel business is an extremely competitive business in the tourism industry, thus, customer loyalty is very important. To date, there has been no comprehensive framework to capture fully why satisfied customers switch to another hotel. Therefore, it is necessary for the researcher to conduct an in-depth investigation to accomplish the research objectives.

This research focused mainly on the linkage between customer satisfaction and loyalty in order to identify the factors that generate the switching behavior among the satisfied customers. Therefore, the statement of the problem is “Why satisfied customers switch the hotel?”

1.3 Research Objectives

This research focuses on the hotel business in order to help the managers to understand the switching behavior from the customer’s perspectives. The purposes of conducting this research are:

1. To review the relationship between customer satisfaction and customer loyalty in the hospitality industry.
2. To examine the factor that generates the switching behavior.
3. To identify the factors that caused satisfied customers to switch the hotel.
4. To offer a preliminary model of switching behavior

1.4 Scope of the Research

This research is conducted to investigate the switching behavior among satisfied customers in the hotel industry. However, the research has to concentrate only on the factors that influenced the satisfied customers to switch the hotel; therefore, another factor that generates the switching behavior among dissatisfied customers will not be included.

Data sources are the satisfied customers who switch to another hotel when they return to the area. The researcher will investigate the hotel industry in general, so all classes of hotels will be employed in this research. The exploration will be conducted in Bangkok during July, 2005.

1.5 Limitations of the Research

This research focused only on the factors that caused the satisfied customers to switch the hotel which may be different from other kind of business. The researcher will employ the qualitative approach in this study. Thus, the findings are necessarily more cautions and tentative, because it operates on the basic assumption that the findings are a creation of the researcher rather than a discovery of fact. Next, the scope of the findings of qualitative investigations is restricted; the people who are interviewed in this research are not meant to be representative of a population. Moreover, the process of qualitative data analysis is frequently unclear. It is often not obvious how the analysis was conducted. Finally, this research is limited to a particular time frame, so the result can not be generalized for all times.

1.6 Significance of the Study

This research provides information about the factors that generate the switching behavior among satisfied customers in the hotel business. The benefit and usefulness of this research are for the managers and the owners of the hotel. They can apply these research findings in reality and improve their managements in order to prevent customer service switching behavior so that they can be profitable in the long term.

1.7 Definition of Terms

Loyalty: a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997).

Satisfaction: an overall evaluation based on the total purchase and consumption experience focused on the perceived product or service performance compared with pre-purchase expectations over time (Fornell, 1992).

Customer Loyalty: a customer who repurchases from the same service provider whenever possible, and who continues to recommend or maintains a positive attitude towards the service provider (Kandampully and Suhartanto , 2000; Bowen and Chen, 2001).

Customer Satisfaction: the customer perceives that actual quality of service is equal or greater than the expected quality of service (Santos and Boote, 2003).

Customer Dissatisfaction: the customer perceived actual performance is less than expected (Santos and Boote, 2003).

Service Switching Behavior: the action of customer who stopped using the service of one service provider and switched to become a customer of a different service provider (Keaveney, 1995).

Member in the travel party: People who are travelling together.

Variety Seeking: An intrinsically motivated phenomenon. Thus, variation in behavior that is instigated by the instrumental or functional value of the alternatives is not included (Trijp, 1996).

Price Sensitivity: Customers who are aware of price and sensitive to price change.

Competitive Promotional Strategies: The special deals available on competing brands. Sales promotion, special offers can be a short term activity to get people to act in a certain way, frequently, to make purchases.

CHAPTER II

REVIEW OF LITERATURE AND RELATED STUDIES

This chapter is intended to review all literature relevant to this study by studying the definition of loyalty, the relationship of loyalty and satisfaction. Based on this review, the gap between loyalty and satisfaction will be addressed.

2.1 Customer Loyalty: Definitions and Typologies

Loyalty has been defined and measured in many different ways. In the early days the focus of loyalty was on the examination of brand loyalty with respect to tangible goods. Only few studies have investigated customer loyalty of services (Caruana, 2000).

Jacoby and Kyner (1973) expressed the brand loyalty as a set of six necessary and collectively sufficient conditions. They assumed that brand loyalty is the biased behavioral response expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes. That is, brand loyalty is a function of both behavior and attitudes. It has been noted that repurchase is not sufficient evidence of brand loyalty- the purchasing practice should be intentional. Brand loyalty must also include some degree of commitment toward the quality of a brand that is a function of both positive attitudes and repetitive purchases. Whereas Newman and Werbel (1973) defined loyal customers as those who re-bought a brand, considered only that brand, and did no brand-related information seeking.

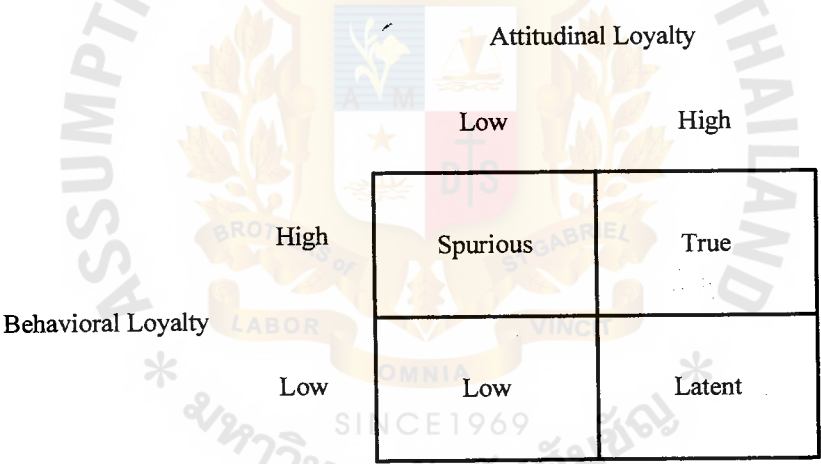
Accordingly, Dick and Basu (1994) defined customer loyalty as the relationship between relative attitude and repeat patronage while Oliver (1997) includes the act of consuming, loyalty is described as “a deeply held in commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”. At that moment Jones and Sasser (1995) stated that customer loyalty is “a feeling of attachment to or affection for a company’s people, products, or services”. On the other hand, Neal (1999) defined customer loyalty as “the proportion of times a purchaser chooses the same product or service in a specific category compared to the total number of purchases made by the purchaser in that category, under the condition that other acceptable products or services are conveniently available in that category”. He also emphasized that real customer loyalty is a behavior. It is measured as a proportion. Until recently, many researchers assumed that loyal customer is a customer who repurchases from the same service provider whenever possible, and who continues to recommend or maintains a positive attitude towards the service provider (Kandampully and Suhartanto ,2000; Bowen and Chen, 2001).

Some studies have demonstrated that customer loyalty is a multidimensional concept involving both behavioral elements and attitudinal elements. Day (1969) first developed the composite perspective to investigate loyalty. He proposed a two-dimensional matrix as four distinct types of customer loyalty to show how loyal attitude and behavior distinguish and define these types of loyalty. Figure 1 (overleaf) describes a “True Loyalty” as type of customer who shows a high degree of attitudinal attachment and behavioral patronage with a service provider. “Spurious Loyalty”

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customers are those who show a high level of behavioral patronage yet have a weak sense of attitudinal attachment. They are more expected to switch if a better alternative becomes available. “Latent Loyalty” customers are those who have a strong attitudinal attachment to the provider but show low usage. Price, convenience, or location may cause these customers to share their purchase behavior with multiple service alternatives (Jacoby, 1971). Finally, “Low Loyalty” customers refer to those who show both low attitudinal loyalty and behavioral usage with the service provider.

Figure 2.1: Typology of service loyalty (source: Dick and Basu, 1994)



Jacoby and Chestnut (1978) distinguished three approaches to measure loyalty: behavioral measurement, attitudinal measurement, and composite measurement. The behavioral measurements consider consistent, repetitious purchase behavior as an indicator of loyalty. Attitudinal measurements use attitudinal data to reflect emotional and psychological attachment inherent of loyalty. The third approach, composite measurement of loyalty, combines the behavioral and attitudinal dimensions and measure loyalty by customers’ product preferences, propensity of

brand-switching, frequency of purchase, recentness of purchase, and total amount of loyalty.

Similarly, Oliver (1997) highlighted the relationship between attitude and behavior and suggested brand loyalty stages that demonstrate a learning process. First, he claimed that attitudinal brand loyalty should be viewed as developing in three phases: cognitive, affect, and conative components of attitudinal brand loyalty. Cognitive refers to people's thoughts about the attitude object. It encompasses the content of one's thoughts regarding beliefs in the statement of fact. Affect refers to feelings, moods, or emotional responses that can be measured by collecting spoken reports or physiological responses. Conation includes behavioral intentions or willingness to act. For instance, a customer initially becomes cognitively loyal based on beliefs about the brand attribute only. Then he or she may become affectively loyal, with satisfying fulfillment based on brand performance. Then he or she may become conatively loyal, exhibiting a brand-specific commitment.

In the same way, Knox (1998) identified four customer types: loyals, habituals (routine buyers, indifferent to their choice, more likely to defect), variety seekers (purchase depending on personal circumstance/situation/event) and switchers (no attachment to service provider, pursue transaction deals/ discounts). The first two are high-share, generally high-profit customers purchasing a narrow product range and displaying loyalty. The retail multiple, Boots, has linked loyalty card and promotions data to four types of customer behaviour: 'deal seekers', 'stockpilers', 'loyalists' who buy more of an item when on special offer, and 'new market' who try a special offer and continue to buy after the promotion ends (Hoare, 2000).

In a recent study, Ganesh et al. (2000) developed two different dimensions of the loyalty construct: active and passive loyalty. The active dimension of loyalty can be defined as 'the proactive behaviors or behavioral intentions that require conscious and deliberate effort to undertake' (Ganesh et al. 2000, p. 83), which includes reinforcement of the choice and the willingness to extend the business with the provider. The passive dimension describes reactive behavior or behavioral intentions such as sensitivity to price changes or increased competitiveness and is significantly influenced by perceived switching costs, which are not relevant for the active loyalty dimension (Ganesh et al., 2000).

2.2 Customer Retention and Loyalty: Significance and How to develop it?

Customer retention and customer loyalty are important for the organization in numerous ways. Bowen and Chen, (2001) cited that there is a positive relationship between customer loyalty and profitability. The increase profit from loyalty comes from reduced marketing costs, increased sales and reduced operational costs. Reichheld and Sasser (1990) found that when a company retains just 5 percent more of its customers, profits increase by 25 percent to 125 percent. Loyal customers increase sales by purchasing a wider variety of products and by making more purchases. Loyal customer will provide strong word-of-mouth, create business referrals, provide references, and serve on advisory board. Additionally, loyal customers cost less to serve because they know the product and require less information. Therefore, they also serve as part-time employees to provide information for other customers (Bowen &Chen, 2001). Moreover, loyal customers are less

motivated to search for alternatives, are more resistant to counter-persuasion from other brands (Dick and Basu, 1994). Additionally, Narayandas (1998) identified six benefits of customer retention when retention is grounded on strong positive attitudes to the service provider:

1. resistance to counter-persuasion,
2. resistance to competitors' offers,
3. resistance to adverse expert opinion,
4. willingness to wait for products to become available,
5. willingness to pay a premium and
6. willingness to recommend.

For the hospitality industry, the most considerations for choosing a hotel for all kinds of customers are clean, convenient location, prompt and courteous service, safe and secure environment and friendly employees (Knutson, 1988). However, to identify features that build loyalty for hotel business, Bowen and Shoemaker (2003) suggested that the hotel should provide possible benefits to its customers such as providing upgrades, allowing flexible check-in and check-out, customizing services, and allowing guests to request a specific room, as well as expediting registration. The finding of Knutson (1988) supports the view that personal interaction with the staff is a strong influence on long term guest loyalty. He also mentioned the reasons for not returning to a hotel, such as dirty rooms, poor maintenance and repair. Furthermore, the total accumulation of all experiences at the hotel or chain is more critical in building long term guest loyalties than any one individual factor.

Tepeci (1999) summarized the factors that create brand loyalty in hospitality industries. The first step toward loyalty begins with the customers becoming aware of

the product. At this stage, a potential customer knows that the brand exists, but the relationship between a customer and the product is low. Reputation is one of the factors that develop brand loyalty. Having a good reputation increases a firm's sales, attracts more customers because of word-of-mouth activity and cuts customer departures (Rogerson, 1983). He also suggests that hoteliers build and sustain the positive brand image. It is important because the brand name distinguishes a product from the competitors' products. Furthermore, promotions facilitate brand loyalty, which can be used to develop cost leadership or differentiation, and can be used to create loyalty through switching costs (Grover and Srinivasan, 1992). As well as perceived quality, a brand should represent a credible guarantee of quality to the consumers (Aaker, 1991). Once the consumers are persuaded that the brand offers what they expect, they stay with the brand. In addition, innovation allows the brand to remain up-to date and demonstrates a continuous attentiveness to the changes in customer taste.

To boost customer brand loyalty, Aaker (1991) cited that carrying the brand into new categories that fit well with its concept and image will help companies increase loyalty. Satisfaction is an important factor that can not be omitted. Fornell (1992) studied the relationship satisfaction and brand loyalty and found that loyal customers are not necessarily satisfied customers, but satisfied customers tend to be loyal customers. Highly satisfied customers are much more loyal than satisfied customers- any drop in total satisfaction results in a major drop in loyalty (Jones, 1990). Finally, customer background characteristics may also contribute to brand loyalty (Morgan and Dev, 1994). Higher income customers may attach to one

premium brand because they perceive it as a contribution to their social status. Some brands carry images or symbolic meanings that may provide social value for them

Geller (1997) identifies 14 elements important in achieving customer loyalty. The most significant of which are the quality or value of the product and service, the impression or image portrayed, the dynamism of the organization, communication and achieving the unexpected for customers. Fredericks and Salter (1995) simplify these issues further; they identified five main components of the customer value proposition: price, product quality, service quality, innovation and image. Zeithaml and Bitner (1996) claim that customers will remain loyal if the perceived value they receive is relatively greater than that of competitors' offerings.

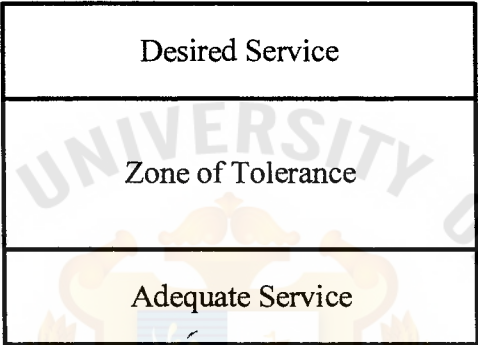
2.3 Relationship between Loyalty and Satisfaction

It is commonly known that customer satisfaction is related to customer loyalty, which in turn is related to profitability. The increased profit from loyalty comes from reduced marketing costs, increased sales and reduced operational costs. Loyal customers are less likely to switch because of price and they make more purchases than similar non-loyal customers (Reichheld and Sasser, 1990).

Customer satisfaction is a concept that has been widely debated in literature and for which numerous definitions have been made. Halstead *et al.* (1994) regard satisfaction as an affective response, focused on product performance compared to some pre-purchase standard during or after consumption. Fornell (1992) identifies satisfaction as an overall evaluation based on the total purchase and consumption experience focused on the perceived product or service performance compared with pre-purchase expectations over time. Oliver (1997) regards satisfaction as a

fulfillment response/judgment, focused on product or service, which is evaluated for one-time consumption or ongoing consumption.

Figure 2.2: Zone of Tolerance (Source: Zeithaml, Berry, and Parasuraman, 1993)



The theory of the zone of tolerance came out in 1993 from the work of Zeithaml et al., who noted that customers' service expectations are characterized by a range of levels rather than a single level. From the ideal standard to minimum tolerable level or from desired service to adequate service, Zeithaml et al. (1993) defined this range as the 'zone of tolerance' - that is 'the extent to which customers recognize and are willing to accept heterogeneity'. Service performance falling within the zone will be considered by consumers as satisfactory. This zone, representing the difference between ideal standard and the level of service considered adequate, can expand and contract. It could also be zero, where adequate and ideal standard match. An individual customer's zone of tolerance increases or decreases depending on a number of factors, including company-controlled variables such as price and service characteristics. The zone of tolerance varies across customers and expands or contracts for each. Moreover, Liljander and Strandvik (1993) stated the zone of

tolerance could be interpreted as a kind of inertia regarding behavioral responses to disconfirmation of expectations.

According to the confirmation/disconfirmation paradigm, customer satisfaction can be described as the result of a comparison process between perceived product performance and previously held expectations. The result of a simple confirmation occurs when performance equals expectations. When performance exceeds expectations, positive disconfirmation occurs and leads to satisfaction, while performance below expectations results in negative disconfirmation and dissatisfaction (Oliver, 1997).

It has been widely acknowledged that loyalty is referred to as the degree to which the customer intends to purchase again from the supplier who has created a certain level of satisfaction. However, this claim has proven to be varied in past research. Some authors have suggested that the effects of customer satisfaction on loyalty are different depending on the level of satisfaction (Soderlund, 1998). For example, Coyne (1989) argues that the relationship is subject to two critical thresholds, and he believes that "this twin threshold framework applies to a wide variety of service situations". In Coyne's view, the relationship is weak when customer satisfaction is low, moderate when customer satisfaction is intermediate and strong when customer satisfaction is high.

Further support for a view that the effects of customer satisfaction on loyalty are different depending on the level of satisfaction is offered by Jones and Sasser (1995). Basically, they argue that the relationship is non-linear, and that the relationship is subject to different patterns depending on the product in question. For example, with respect to automobiles, Jones and Sasser found that an increase in

customer satisfaction produces a stronger effect on loyalty among customers who are at the high end of the satisfaction scale. In contrast, in the case of airlines, an increase in satisfaction produces a stronger effect on loyalty among customers at the low end of the scale than among customers at the high end. That means when the number of alternatives is high, such as on the automobile market, the satisfaction-loyalty link is strong when customers are satisfied and weak when satisfaction is low. On the other hand, when the number of alternatives is low, such as in the airline case, the satisfaction-loyalty link is weak when customers are satisfied and strong when satisfaction is low. Moreover, on a market with few alternatives, loyalty may be a fruitful response for a dissatisfied customer since it offers a solution to the problem of finding alternatives.

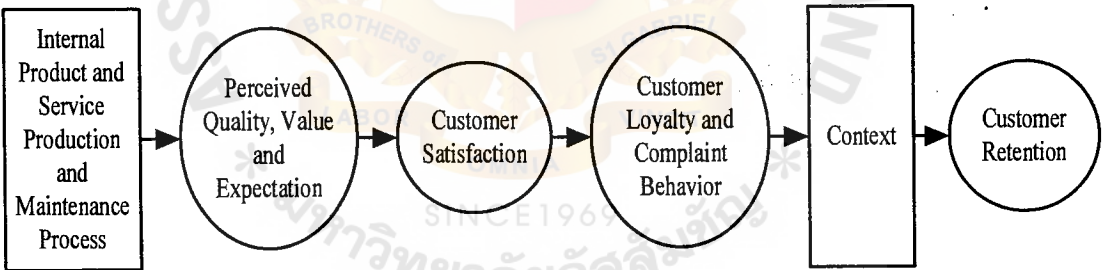
Consequently, since different factors seem to affect the propensity to be loyal under the conditions of low and high satisfaction, it may be assumed that the form of the relationship between customer satisfaction and loyalty is different at different levels of satisfaction (Soderlund, 1998). The relationship between customer satisfaction and customer loyalty can be divided into two school of thoughts, (A) Positive and (B) Negative.

(A) Positive Relationship

The perspective of the satisfaction and services research suggests that satisfaction is a significant antecedent to post-purchase attitude and repeat purchase intentions, as well as several other beneficial behavioral intentions (Anderson 1994; Zeithaml, Berry, and Parasuraman 1996). Many studies support that there is a positive relationship between customer satisfaction and customer loyalty.

Johnson (1998) mentioned that customer satisfaction is equivalent to making sure that product and service performance meet customer satisfaction. Satisfaction is a temporary perception of how happy a customer is with a particular product or service at that given time. Moreover, customer satisfaction is the one factor for company to improve quality internally for external perception and also has an effect on the repurchase decision for the customer. Delivering the quality of product and service is determined by what customers actually consume. At the same time, customers overall evaluation of their consumption experience is considered by quality and value perception and expectation. Furthermore, customer satisfaction will lead significantly to customer repurchase, which is directly related to customer loyalty.

Figure 2.3: A customer satisfaction framework (source: John, 1998, p.103)



Studies conducted by Cronin and Taylor (1992) in service sectors such as banking, pest control, dry cleaning and fast food, found that customer satisfaction has a significant effect on purchase intention for all four sectors. Similarly, in the health-care sector, McAlexander et al. (1994) found that patient satisfaction and service quality have a significant effect on future purchase intentions. Bitner (1990) claimed that customer satisfaction has an indirect effect on brand loyalty. Additionally, brand loyalty is directly influenced by customer satisfaction. Moreover, Oliver (1999) supported that customer satisfaction is “the beginning of a transitioning sequence that

culminates in a loyalty state". Customer satisfaction had a positive effect on attitude. These attitudes were found to revise attitudes toward the product or brand.

Bolton (1998) conducted a very extensive quantitative investigation of relationship duration and satisfaction of the US cellular telephone industry. In her study, she found evidence that:

1. Supplier-customer relationships are longer for customers having high levels of cumulative satisfaction.
2. Experienced customers are less sensitive to transaction failures because of high prior satisfaction levels.
3. Conversely, the positive effects of a satisfying transaction are reduced if the customers' historic experience is of service under-performance or failure; and
4. The effect of prior cumulative satisfaction on the duration of the supplier-customer relationship is greater for customers who have more experience with the organization.

(B) Negative Relationship

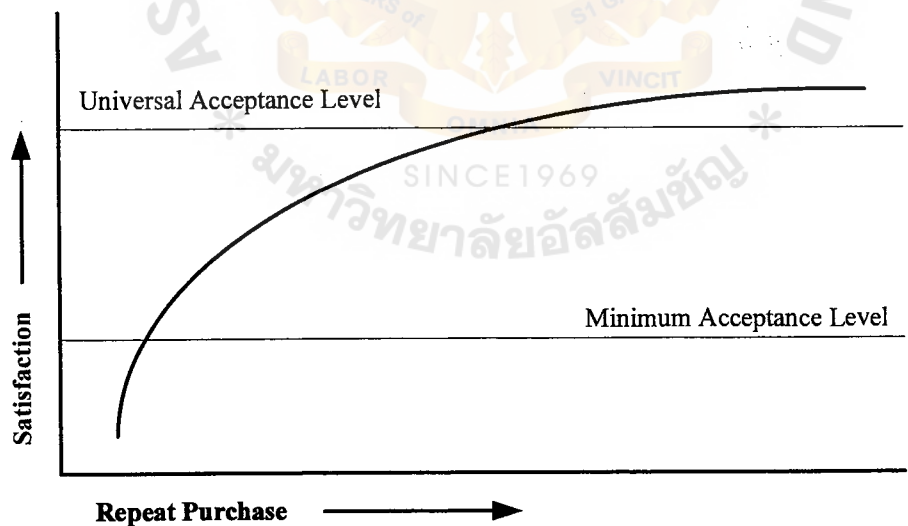
Customer satisfaction has traditionally been regarded as a fundamental determinant of long-term consumer behavior (Oliver, 1980; Yi, 1990). However, satisfaction alone does not ensure continued customer patronage (Jones and Sasser, 1995). Numerous studies focused on the relationship between satisfaction and loyalty and concluded that satisfaction doesn't mean loyalty.

Neal (1999) declared that satisfied customers, even highly satisfied ones, often switch brands and suppliers. The observed relationship between stated satisfaction

and repeat purchase is very weak to nonexistent. The degree of satisfaction, once past a particular universal acceptance level, cannot reliably expect repeat purchase.

As illustrated in Figure 2.4, increasing amounts of stated customer satisfaction beyond some threshold does not necessarily explain into increasing levels of repeat purchase. Maintaining a minimum acceptable degree of satisfaction only keeps the product or service in the purchaser's consideration set. The degree of satisfaction, once it has passed an acceptance threshold, does not expect which of a set of competing items in the consideration set will be chosen at the next purchase opportunity. Additionally, increasing levels of satisfaction beyond some acceptance level does not result in a proportionate increase in share of choice (Neal, 1999).

Figure 2.4: Satisfaction vs. repeat purchase (source: Neal, 1999)



A study by Heskett, Sasser, and Schlesinger found that the link between customer satisfaction and customer loyalty was the weakest relationship in their service-profit-chain model, which attempts to capture the influence on profit of operating strategy, service-delivery system, service concept, and target market.

Bowen and Chen (2001) verified that customer satisfaction does not equal customer loyalty. Two measures of customer loyalty used in this study were the respondent's intent to return to the hotel and their willingness to perform marketing activities. The results confirmed the nonlinear and asymmetric relationship between customer satisfaction and customer loyalty.

In a study of guests at two similar big-city hotels, researchers Judy Siguaw and Iselin Skogland found only a weak connection between satisfaction and loyalty and that business travelers are among the least loyal guests. The research further concluded that things like hotel design and amenities are more likely to build loyalty and that the quality of employee service is the foremost factor in hotel purchase decisions by most guests.

2.4 Relationship between Loyalty and Dissatisfaction

Dissatisfaction is conceptualized as the affective state resulting from the cognition of negative disconfirmation, where perceived actual performance is less than that expected. He concluded that dissatisfaction is best characterized by anger, disgust and surprise (Santos and Boote, 2003).

Swan and Combs (1976) postulated that dissatisfaction will tend to be related to performance below expectations for instrumental outcomes. Also, to be satisfactory

the product must meet expectations on both instrumental and expressive outcomes. They suggested that dissatisfaction may occur from either type of performance.

Services typically bring out greater dissatisfaction than products because both technical and functional dimensions have an impact on consumer evaluations of the service. People basically have two options when they experience dissatisfaction with a firm. They can 'exit', which involves ending the relationship and switching to a new supplier if the product or service is required in the future. Otherwise consumers can 'voice', which is an effort to remedy the situation or improve conditions by making a complaint either directly to management, to some other authority, or through 'general protest addressed to anyone who cares to listen'. A third option of a 'loyalty' response exists (staying with the supplier in expectation that the situation will improve), where loyalty may either be a result in its own right, or may be adopted during efforts to remedy the situation, but may be abandoned if complaints fail to achieve the desired effect, (Panther and Farquhar, 2004).

Buttle and Burton (2002) summarized the relationship between loyalty and dissatisfaction in the service dissatisfaction model shown in Figure 2.5 on page 25. They concluded that customers will evaluate dissatisfaction with particular incidents with their providers against their overall impression of the value offered by that provider, when compared with competitor and the cost to them of switching providers. Repeated failures will contribute to a reduction in value perception. They may also become the triggers that focus customers' attention on evaluating service levels and value more closely. Dissatisfaction alone is not the only antecedent of customer exit. Loyalty has been found to depend upon consumers' perceptions of value dependent in part upon communications leading to increased trust.

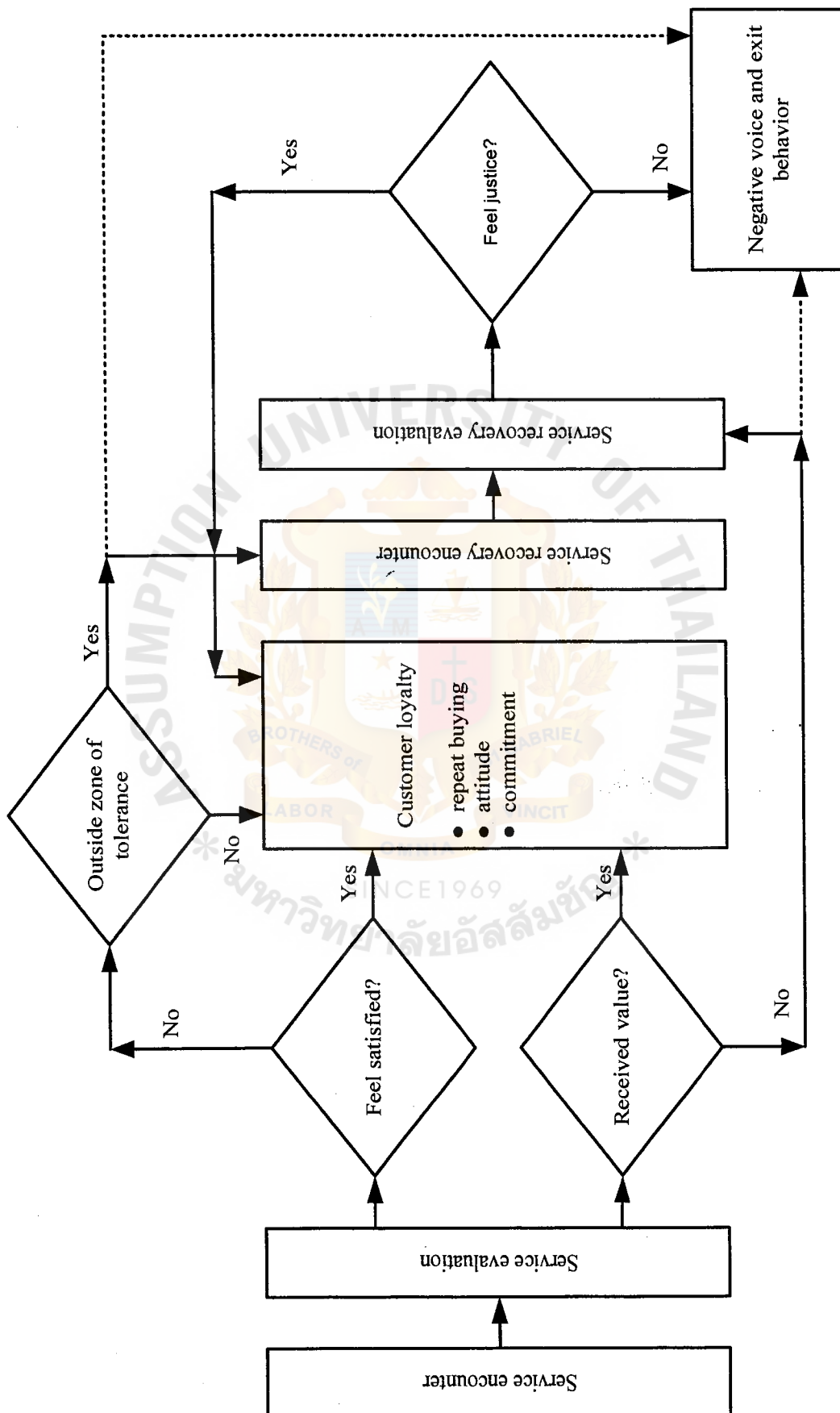


Figure 2.5: The Buttle-Burton service dissatisfaction model v4 (source: Buttle and Burton, 2002, p. 5)

(A) Positive Relationship: Dissatisfaction leads to loyalty

Although service quality failures and dissatisfaction represent some of the reasons that customers switch services, they do not account for all of them. The study of consumer responses to dissatisfaction with financial service providers has been conducted by Panther and Farquhar, (2004). The result shows that many dissatisfied customers remain loyal rather than change their behavior because they perceive the switching costs associated with changing supplier to be too high. The costs involved in switching behavior are time, effort and uncertainty. Like Bitner (1990) speculates that time or money constraints, lack of alternatives, switching costs, and habit might also affect service loyalty. Cronin and Taylor (1992) suggest that convenience, price, and availability might improve customer satisfaction and finally affect behavioral intentions.

The findings of Panther and Farquhar suggest that the loyalty response to dissatisfaction is complex and multidimensional, with attitudes, beliefs, motivations and, potentially, demographic and personality or lifestyle characteristics all having an effect on the possibility of the loyalty response to dissatisfaction. The drivers of the loyalty response to dissatisfaction are presented in Table 2.1 on page 27.

Table 2.1: Key drivers of the loyalty response to dissatisfaction (source: Panther and Farquher, 2004)

Key driver	Examples of comments
The 'hassle' (time and effort) involved in changing to an alternative provider	<p>'For all the time and hassle involved, you ask yourself is it really worth it? I've got better thing to do with my time'</p> <p>'Too much hassle, I can't be bothered with the hassle, moving my direct debits, where my wages are paid in, and all that. You have to go out of you way and people don't like to putting in effort'</p> <p>'If I'm honest I'm too lazy, I can't face the effort involved in changing'</p>
The history/longevity of the relationship with the provider	<p>'Historic reason, I suppose, I've always been with them and won't ever change, it's a matter of habit now'</p> <p>'I've been with them all my life so far, so I'll probably stay with the rest of it! You don't have to like them'</p> <p>'They would need to be repeatedly making really big mistakes for me to change, otherwise I'm likely to remain loyal, it's part of my identity'</p> <p>'I took the account 40 years ago. Years ago you were afraid of your bank manager, he was on a pedestal, you just didn't change banks, you started with one bank and you stayed with them for life'</p>
Lack of trust in alternative providers	<p>'I'll probably stay with them until I die because I don't trust the others'</p> <p>'Better the devil you know! There's loads of room for them to get it wrong, or for you not to understand, so you stay if you feel safe even if they've upset you'</p> <p>'Because financial products and services are complicated there are more opportunities for companies to pull the wool over your eyes'</p>
The belief that 'all providers are the same'	<p>'I'm not convinced anyone else could do any better, I've got no reason to believe the alternatives to be any better'</p> <p>I don't think the others will be any better, so I might as well stay where I am'</p>

Key driver	Examples of comments
	<p>‘There’s not much difference in product performance between the major players and there’s much the same level of service I’m sure’</p> <p>‘All the banks, the high street banks, the big four, they’re all tarred with the same brush, you hear bad things about all of them’</p>

However, in a hospitality industry, switching costs are lower. It is therefore arguable that the relationship between the two could be weaker.

(B) Negative Relationship

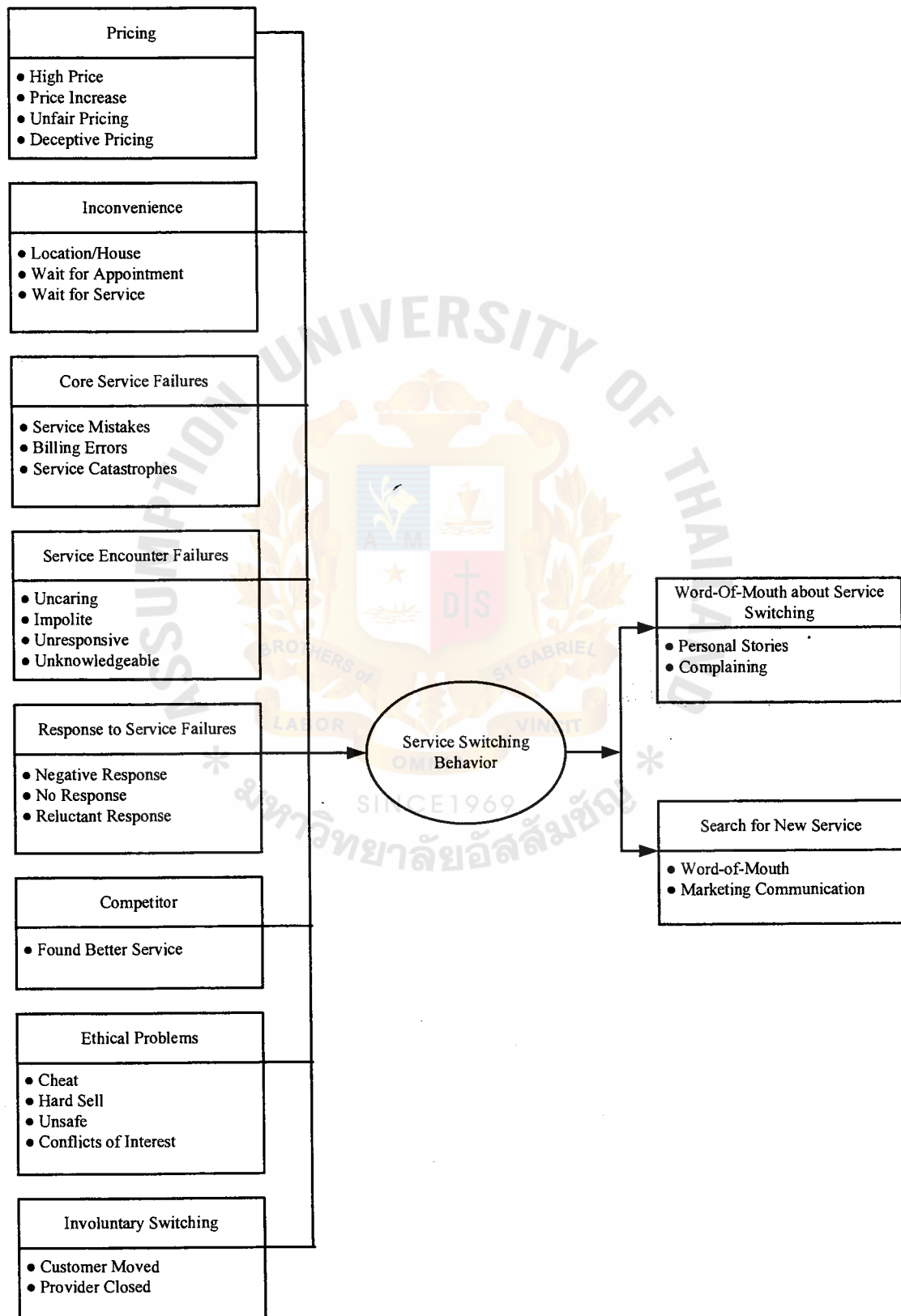
Service firm executives are concerned about the negative effects of customer switching on market share and profitability (Rust and Zahorik 1993). Reichheld and Sasser (1990) indicated that the loss of a continuing service customer is a loss from the high-margin sector of the firm's customer base. Second, costs associated with acquiring new customers are incurred: New account setup, credit searches, and advertising and promotional expenses can add up to five times the cost of efforts that might have enabled the firm to retain a customer (Peters 1988). Executives need research-based knowledge if they are to avoid the revenue-reducing and cost-incurring impacts of customer switching.

Keaveney (1995) studies the critical switching incidents in service industries such as beauty salons, auto mechanics, insurance agents, dry cleaners, sit-down restaurants, etc. that caused customers to switch services. Customers' reasons for switching services were classified into eight general categories: pricing, inconvenience, core service failures, failed service encounters, response to failed service, competition, ethical problems, and involuntary switching. The result shows

that core service failures, service encounter failures, and pricing are ranked as the largest category of the reason for switching service. The model of customer switching behavior in service industries is shown in Figure 2.6 on page 30.

An important implication for managers is that six of the eight service switching factors are controllable from a service firm's point of view. The six categories suggest areas in which managers might take action to prevent customer switching such as developing policies for effective service recovery (Keaveney, 1995). Service recovery methods include any action necessary to return a customer who has experienced service failure to a state of satisfaction and one way of promoting customer retention is to erect relationship exit barriers (Buttle and Burton, 2002). Firms are advised to develop the customers' sense of commitment to the organization and the belief that something is at risk if they switch loyalty (Fisher, 1998).

Figure 2.6: A Model of Customers' Service Switching Behavior (source: Keaveney, 1995, p. 76)



2.5 Gap in the Research

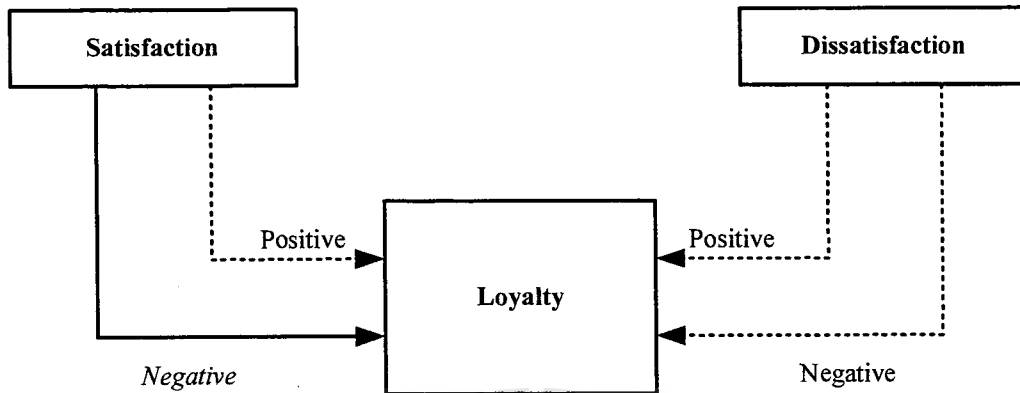


Figure 2.7: Relationship between satisfaction, dissatisfaction and loyalty

The proceeding literature reviewed suggested that the relationship between satisfaction, dissatisfaction and loyalty are varied and remain inconclusive and debatable. It depends on the industry specific. This research will add into this existing literature by examining the topic from a hotel context, focusing on the negative relationship between satisfaction and loyalty in the hotel industry.

It is considered to be an important issue because it has been found that the switching behavior among satisfied service customers approaches the 65%-85% (Fortune, 1993). This was often the case for service customers who switched because of convenience, competitive actions, and price (Keaveney, 1995). Unsurprisingly, satisfied customers with the current stay are not intending to return to their current hotel on a future visit because they want a new experience (Petrillose and Brewer, 2000). Bowen and Shoemaker (1998) mentioned that customer satisfaction is a requisite for loyalty, but satisfied customers may not become loyal customers. They give interesting reasons for the customers who were satisfied but not loyal to the hotel. Firstly, travelers who do not regularly visit a particular area can not be loyal to the hotel because they do not return to the area. Moreover, some customers seek

variety and test a different hotel each time they return to the area even if they are satisfied. Some customers remain price sensitive; they will try another one that makes a better offer although they are satisfied with the current hotel.

All of these factors that affect the satisfied customer in to switching the service providers will be further examined in this research. Building from these past researches, the conceptual framework will be developed and discussed in the next chapter.



CHAPTER III

RESEARCH FRAMEWORKS

This chapter discusses the theoretical framework, conceptual framework, and research propositions that are related to the switching behavior among satisfied customer in the hotel business.

3.1 Theoretical Framework

The literature pertaining to the relationship between customer satisfaction and loyalty can be organized in two categories. A first group of authors provide empirical evidence of a positive relationship between customer satisfaction and loyalty. Researchers within the second stream have provided theoretical and empirical support for a more complex structure. At some medium satisfaction level customers might find themselves in a so-called "zone of indifference." Within this gap, satisfaction has only a small impact on customer loyalty. Finally, findings by Oliver et al. (1992) indicate that, depending on the magnitude of transaction costs, the relation between customer satisfaction and loyalty can be both linear and nonlinear.

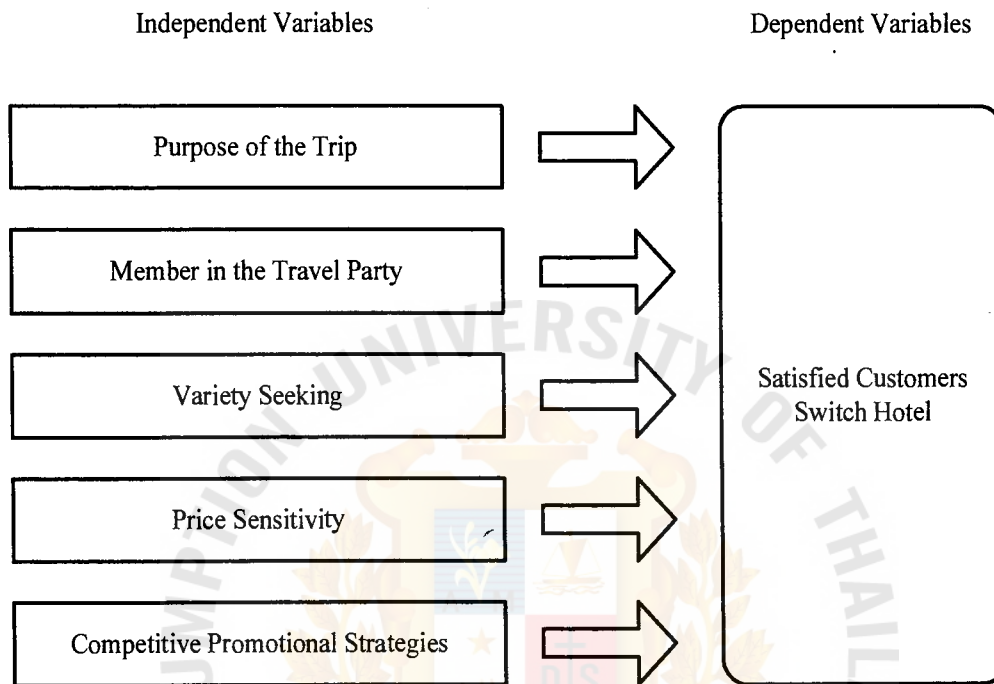
The proceeding literature review indicated that it is important to understand the dynamic of service switching. The model addressed by Keaveney (1995) proposes a number of factors that influence switching behavior which could be most applicable to this study. She conducted a study of 500 service customers, over 800 service-firm behaviors that caused customers to switch service provider. Customers' reasons for switching services were classified into eight general categories: pricing,

inconvenience, core service failures, failed service encounters, response to failed service, competition, ethical problems, and involuntary switching. There are 45 per cent of customers who switch due to failure in only one of these eight areas-the most common being core service failures, pricing and service encounter failures. In a broader service industry, Keaveney's study also confirmed that the main reasons that satisfied customer switch service providers are inconvenience, competitor action, price and involuntary switching which refers to customer moved and provider closed. The model of customer switching behavior in service industries of Keaveney is shown earlier in figure 2.6 (p. 30, Chapter II).

3.2 Conceptual Framework

Conceptual framework of this research is developed based on a switching behavior among satisfied customers in the hotel industry. The ground model of consumer switching in service industry advanced by Keaveney (1995) and associated with the study about customer loyalty of Bowen and Shoemaker (1998), is applied as a base to develop an in-depth understanding about the issue.

When examining the model of customers' switching behavior of Keaveney, the researcher removes some variables that are irrelevant to the topic. Core service failures, service encounter failures, response to service failures, ethical problems, and involuntary switching are not concerned with the switching behavior among the satisfied customers. As Bowen and Shoemaker mentioned, customers do not repeatedly stay with a particular hotel because they do not return to the area. Therefore, these factors are eliminated from the conceptual model since these variables are not applicable to the switching behavior among satisfied customers in the hotel industry.

Figure 3.2: Conceptual Framework

3.3 Research Propositions

This research is not intended to prove or disprove any statement; rather its aim is to generate all possible explanations or variables concerning “why satisfied customers switch the hotel when they return to the area”. The research propositions developed here are only used as guiding principles which provide a background understanding before collecting data from the field work. Moreover, new variables may emerge and add to the study during the investigation.

Proposition 1: The satisfied customers switch the hotel because of the purpose of the trip.

The World Tourism Organization (WTO), the major intergovernmental body concerned with tourism, divided purpose of the trip into three categories: (1) leisure,

recreation, and holidays; (2) business and professional; and (3) other, which includes visiting friends and relatives (VFR), health treatment, religion, and pilgrimages and further unspecified groupings. About 70 per cent of world international tourist arrivals are for holiday purposes and the remaining 30 per cent of tourist trips approximately one-half are made for business purposes (World Tourism Organization, 1997).

Leisure travel is associated with people taking photos, buying souvenirs, having limited contact with the residents, and staying for a short period of time. It is seen as either dependently organized or organized through travel agent. This market is characterized by freedom of choice on the part of the individual in terms of selection of destination, transport mode, accommodation and so on. Therefore, leisure travel is the most important market overall (Witt et al., 1992). On the other hand, business travel can be defined as including attending meetings and conferences, training and sales missions, and general promotional and professional contact works. Business-related travel is usually organized by travel agents and involves a restricted schedule of activities and places visited (WTO, 1997). It has been noted that business travelers tend to be more loyal to the hotel they have previously stayed in and were satisfied. With the leisure market, it could be assumed that they are seeking more variety and are less loyal to the hotel.

Proposition 2: The satisfied customers switch the hotel because of the member in the travel party.

A tourism experience appears to be a highly social event, involving two or more people in the travel group, thus many research attempts to understand the dynamics of group decision-making on the role of family, friends, and relatives.

Research on family decision-making has generated several theories concerning the role of individuals within family groups. Initially the decision-making process was perceived as unilateral, with later theories becoming more complex and hybrid as choices were perceived as involving both individual and joint decisions (Thornton et al., 2000). Similarly, friends and/or relatives also influence travel-related decisions. Gitelson and Kerstetter (1994) found that friends and/or relatives play a dominant role or were the sole decision makers between 29 per cent and 39 per cent of all decisions. The results indicated that friends and/or relatives shape behavior in a more direct fashion than previously documented.

Proposition 3: The satisfied customers switch the hotel because they are seeking variety.

Under certain conditions everyone has a need for variety in his daily life (Faison, 1977). When customers seek variety, they have wants and needs that cannot be filled best by a single brand, but by a purchase history involving consistent switching among brands (Feinberg, Kahn, & McAllister, 1992; Lattin & McAlister, 1985). Thus, customers seek variety in product choices in order to avoid feelings of monotony and boredom (Menon & Kahn, 1995).

Variety seeking is seen as an intrinsically motivated phenomenon. Thus, variation in behavior that is instigated by the instrumental or functional value of the alternatives is not included (van Trijp, Hoyer, & Inman, 1996). Intrinsically motivated variety seeking means that a customer switches brands only for the sake of variety and the stimulation it brings to the situation, irrespective of his satisfaction with the original brand and the consequences implied by his switching behavior

(Raju, 1980; Steenkamp & Baumgartner, 1992). Hence, in this context, it is proposed that a customer's drive for variety will influence the relationship between satisfaction with the product and loyalty. Because variety seeking is regarded as a product-related phenomenon, meaning that people with a high need for variety will express this intrinsic motivation in some product categories, but not others (van Trijp, Hoyer, & Inman, 1996), no moderating effect of variety seeking is expected on the linkages between satisfaction with the sales process or satisfaction with the after-sale service and loyalty.

Proposition 4: The satisfied customers switch the hotel because of the price sensitivity.

Price sensitivity was explored by Andre Gabor and Clive Granger in a seminal work that appeared in the journal *Economica*. They asked consumers to state the range of acceptable prices to determine upper and lower price limits for the products. The range of acceptable prices gives the lowest price, the one below which the consumer will question the quality of the product or service, and the highest price, above which the consumer feels the product or service is too expensive. Marketers have found that when the cost of a room or meal exceeds the upper threshold price, the consumer will substitute products or services rather than reduce consumption. Customers differ in their price sensitivity. Some customers check the prices even on small items and notice even small price differences. A number of marketing studies have found consumer's price sensitivity to be negatively related to brand loyalty and positively related to coupon use (Sheth and Mittal, 2004).

Proposition 5: The satisfied customers switch the hotel because of the competitive promotional strategies.

Competitive promotional strategies refer to the special deals available on competing brands. Sales promotion, special offers can be a short term activity to get people to act in a certain way, frequently to make purchases. However, when seen in long term investment, brochures, media advertisements, behavior of the staff can all create a memorable image for the product which will be recalled at the time when the consumer has to choose between products. Competitive promotional strategies provide the motivation to switch from a favorite brand to a featured brand. Generally, this switching is limited to brands that the customer perceives to be comparable to his or her chosen brand.

The propositions mentioned above create the fundamental idea to understand the hotel switching behavior among satisfied customers. In the exploration process, new issues may be raised and added to the study to achieve the research objectives. Conducting these propositions in the study, the research methodology will be discussed in the next chapter.

CHAPTER IV

RESEARCH METHODOLOGY

This chapter presents an overview of research methodology which is used in this research. The first part is about methods of data generation. The second part

describes the selection of data sources including selected informants and size of the informants. The following parts are the collection of qualitative data and data analysis is also demonstrated in the last part.

4.1 Methods of Data Generation in Qualitative Study

Research question being asked in this study is “Why satisfied customers switch the hotel?” It has been suggested that “How” and “Why” questions are more exploratory and likely to lead to the use of qualitative study which can permit all possible variables to emerge from an in-depth investigation.

Walsh (2003) cited that qualitative research plays four critical roles in helping researchers create exciting theories that also have immediate, practical implications for managers. First, qualitative research finding often identifies the not-so-obvious perspectives that are foreign to researchers and provide the tenets of interesting, stimulating theoretical models in a way that previous research findings can not. The second role that qualitative research plays is to help interpret quantitative research findings. Quantitative research often reports empirical findings without being able to explain why they occurred. Qualitative research, with its interpretive strength, can help solidify such theorizing. The third way in which qualitative research can help researchers to develop valuable theories is through offering data that are potentially rich and powerful. Finally, the fourth way qualitative research helps to create useful theories is by teaching researchers the realities of life in the hospitality industry.

Moreover, Kwortnik (2003) suggested that qualitative research is more appropriate for examining questions related to consumer decision making. For example, conventional wisdom suggests that a consumer’s choice of hospitality

products is based on both rational and emotional considerations. There is a logical component to the decision, in which the buyer considers such attributes as price, location, and ratings of service quality. There is also emotional component, such as feelings of happiness and excitement, which are elicited by the decision itself and by emotionally evocative aspects of the choice options. The emotional aspects are likely to be strongest when the choice is made more for hedonic reasons (e.g., pleasure travel) than for utilitarian reasons (e.g., business travel). Research on emotion and consumer decision making represents the fuzzy problem. Interest in this problem is more than just academic, especially the rapid change in consumer preference. The researcher needs to understand what is driving these consumers, and the “why” behind their behavior.

There are some differences between quantitative and qualitative approach for formulating research. It is not easy to declare which one is better than the other. The advantages of both quantitative and qualitative research are harnessed to provide accurate and comprehensive information on which to base decision.

Table 4.1: The comparison between quantitative and qualitative research

The Aim of this Research	Quantitative Research	Qualitative Research
• Words	×	✓
• Points of participants	×	✓

• Researcher close	×	✓
• Theory emergent	×	✓
• Process	×	✓
• Unstructured	×	✓
• Contextual understanding	×	✓
• Rich, deep data	×	✓
• Micro	×	✓
• Meaning	×	✓
• Natural settings	×	✓

Source: Adapted and modified from: A. Bryman, Social Research Methods (Oxford University Press, Oxford, 2004).

Bryman (2004) summarizes the differences between the quantitative and qualitative research. First, the quantitative researchers is often represented as preoccupied with applying measurement procedures to social life, while qualitative researchers are seen as using words in the presentation of analyzes of society.

Moreover, in quantitative research, the set of concerns that the investigator brings to an investigation structures the investigation. In the qualitative research, the perspective of those being studied provides the point of orientation.

Next, in quantitative research, researchers are uninvolved with their subjects; this lack of relationship with the subjects of an investigation is regarded as desirable by quantitative researchers. The qualitative researchers are in close involvement with the people being investigated.

Then, quantitative researchers typically bring a set of concepts to bear on the research instruments being employed, whereas in qualitative research concepts and theoretical elaboration emerge out of data collection.

Furthermore, quantitative research is frequently depicted as presenting a static image of social reality with its emphasis on relationships between variables while qualitative research is depicted as adjusted to the unfolding of events over time and to the interconnections between the actions of participants of social settings.

Quantitative research is highly structured so that the investigator is able to examine the precise concepts and issues that are the focus of the study; in qualitative research the approach is invariably unstructured, so that the possibility of getting at reactors' meanings and of concepts emerging out of data collection is enhanced.

For the generalization, the findings of quantitative research can be generalized to the populations; the qualitative researcher seeks an understanding of behavior, values, beliefs, etc. in the terms of the context in which the research is conducted.

In addition, quantitative data are often depicted as hard in the sense of being robust and unambiguous, owing to the accuracy offered by measurement. Whereas the qualitative researchers claim that their contextual approach and their extended involvement in a setting create rich data.

Subsequently, quantitative researchers are often depicted as involved in uncovering large-scale social trends and connections between variables, while qualitative researchers are seen as concerned with small-scale aspects of social reality.

It is sometimes suggested that the quantitative researchers are concerned with people's behavior and qualitative researchers with the meaning of action.

Finally, quantitative researchers conduct researches in a contrived context, but qualitative researchers investigate people in natural environments.

From the differences mentioned earlier, the researcher selects to develop the *qualitative research* to answer the research question. This approach is the most appropriate for this study because it usually emphasizes words rather than quantification in the collection and analysis of data. The role of research is seen to be a deep understanding of human behavior. True meaning can be discovered only by detailed study and contemplation of rich and multifarious evidence of human thoughts and behavior. The aim of qualitative research is to discover how human constructed meaning in their contextual setting (Cavana et al., 2001). Moreover, qualitative research reveals peoples values, interpretative schemes, mind maps, belief systems and rules of living so that the respondents' reality can be understood. Rather than concerning itself primarily with representative samples, qualitative research emphasizes careful and detailed descriptions of social practices in an attempt to understand how participants experience (Jackson, 1995).

Additionally, the researcher will apply an *exploratory study* to gathering information from selected data sources. An exploratory study is undertaken when little is known about the situation at hand, or when no information is available on how similar problems or research issues have been resolved in the past. In such cases, extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation, and understand what is occurring, before we develop a model and set up a rigorous design for comprehensive investigation. Moreover, a *descriptive study* is undertaken to describe relevant aspects of the phenomenon of interest to the researcher. Descriptive study becomes essential in many situations. Whereas

qualitative data obtained by interviewing individuals may help in understanding of the phenomena at the exploratory stages of a study, a combination of qualitative data and quantitative data in terms of frequencies, or mean and standard deviation becomes necessary for descriptive study.

Furthermore, *semi-structured interviewing* will be employed by the researcher as the instrument to gather the information. The researcher will prepare a list of questions on fairly specific topics to be covered as an interview guide. All questions in a list will be asked and a similar wording will be used from interviewee to interviewee. But questions may not follow exactly in the way outlined on the schedule and questions that are not included in the guide may be asked as the interviewer picks up on things said by interviewee.

4.2 Selection of Data Sources

- **Data Sources**

Data sources in this research refer to the entire group of people who were satisfied with the hotel but when they return to the destination, they switch to stay at another hotel. The researcher will start from the classmate in ABAC who frequently takes a trip. They will be contacted in advance for their permission to be involved in this research and to arrange a time and venue for the interview that is convenient to the informants.

- **Who should be selected as an informant?**

Instead of obtaining information from those who are most conveniently available, it might sometimes become necessary to obtain information from specific target groups. Hence, the researcher will use the *purposive sampling* to confine the

specific types of people who can provide the desired information, because they are the only ones who possess it.

There are three major types of purposive sampling: judgment sampling, snowball sampling, and quota sampling. The researcher selects *snowball sampling* method. With this approach of sampling, the researcher makes initial contact with a small group of people who are relevant to the research topic and then use these to establish contacts with others who would be relevant to the purpose of the research. The researcher can use the nominator as a reference to enhance other respondents to co-operate in this study, rather than approach the new person. However, snowball sampling may limit the generalization of the findings, based on the representativeness of the initial set of subjects and the range of the people located through the referral networks.

- **How many informants are appropriate for qualitative study?**

In contrast to quantitative research methods where large, random samples of subjects are typically needed to enable statistical analysis and support the generalizability of results, the qualitative research tend to be relatively smaller and non random.

Brayman (2004) indicates that it is impossible to know how many people should be interviewed before theoretical dispersion has been achieved. However, Warren (2002) makes an interesting remark that for a qualitative interview study to be published, the minimum number of interviews required seems to be between twenty and thirty. While Kwortnik (2003) suggested that a sample as small as a dozen people might be appropriate for qualitative-research projects in which the main objective is deeper understanding of some complex behavior or meaning. On the other hand,

Gerson and Horowitz (2002) write that ‘fewer than 60 interviews cannot support convincing conclusions and more than 150 produce too much material to analyze effectively and expeditiously’. The decision about how many informants are needed for the interview is not predetermined. Findings from initial interviews are provisional and help to shape subsequent interviews. These new interviews are conducted up to the point when the researcher feels that redundancy or theoretical saturation has been achieved, where no new insights emerge from the analysis of an additional case. This might occur after interview number 10, 20, or 50, (Kwortnik, 2003).

In this research, the researcher planned to interview 60 informants who had the switching behavior, but after interviewing 30 people there was no new issue raised, so the researcher decided to discontinue the plan and selected these 30 informants as the data sources in the research.

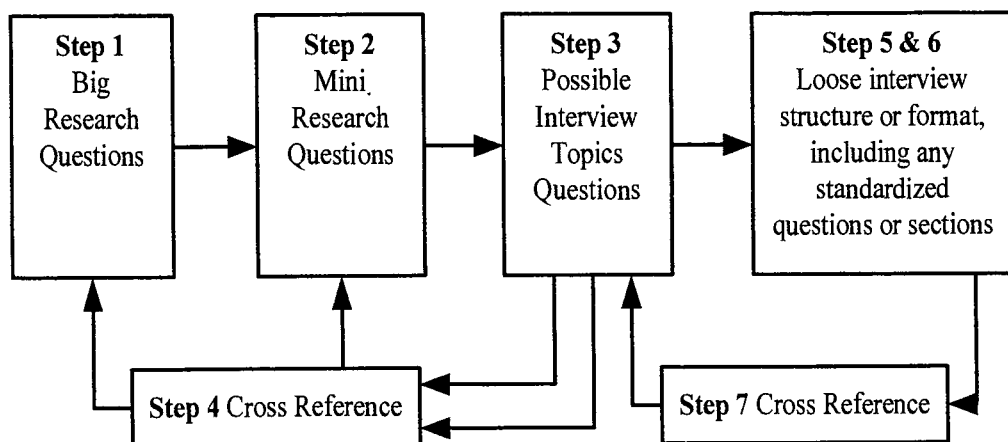
4.3 Collection of Qualitative Data

To obtain the required information, both primary and secondary data are employed. The secondary data is gathered from textbooks, journals, previous studies, articles, and other related researches which are important sources to develop the concepts and support this study. Primary data will be collected by *face-to-face interviewing* of the thirty informants who had a hotel switching behavior. The main advantage of face-to-face interview is that the researcher can adapt the questions as necessary, clarify the doubts and ensure that the responses are properly understood by repeating or rephrasing the questions. Additionally, face-to-face interview is relatively easy to control. The researcher has only one person’s idea to grasp and interrogate.

Semi-structured interview is used in the research in order to gather information from informants. In qualitative interviewing, there is much stress in the interviewees' point of view; it gives insight into what the interviewee sees as relevant and important. The interviewer can deviate significantly from a guideline that is being used and can ask new questions that follow up the interviewees' replies. The combination of open and closed questions will be employed in this research. The open-ended questions allow the interviewees a wide choice of possible answers whereas the closed questions are used for identifying explicit facts or for confirmation.

A plan and procedure for qualitative interviews of Mason (1989) will be applied in this research. This plan provides the systematical work which needs to be done in the interviews and suggests how that might be achieved as shown in figure 4.1 on page 49.

Figure 4.1: Overview of the planning and preparation procedure for qualitative interviews (Source: Mason, J. Qualitative Researching, 1998 p.52.)



Step 1: List or assemble the big research questions which the study is designed to explore.

- *Why satisfied customers switch the hotel?*

Step 2: Break down or subdivide the big research questions into mini research questions.

- Does the member in the travel party influence the satisfied customers switch of the hotel?*
- Does the variety seeking influence the satisfied customers' switch of the hotel?*
- Does the price influence the satisfied customers' switch of the hotel?*
- Do the competitive promotional strategies such as image, reputation, discount, special offer, brochure and persuasive advertisement influence the satisfied customers' switch of the hotel?*

Step 3: For each mini research question, start to develop ideas about how it might be possible to get at the relevant issues in the interview situation.

- (a) *Who made the decision where to stay? How did people decide to switch the hotel?*
- (b) *Individually, do people consider themselves as a variety seeking person?*
- (c) *How price is important when choosing a hotel?*
- (d) *What people think about the image, advertisements, and special offers of the hotel?*

Step 4: Cross-reference all the levels to make sure that the interview topics and questions are going to help the researcher to answer the big research questions.

Step 5: Develop a loose interview format to make the interviews highly flexible but based on key topics and types of questions that the researcher want to discuss.

Step 6: There are standardized questions in the interviews which the researcher need to ask all interviewees.

- *What are the factors that make you switched the hotel?*
- *Normally when you take a trip, who is your travel companion?*
- *In your travel party, who makes the decision where to stay?*
- *Does the member in the travel party influence you to switch the hotel?*
- *When you travel to the same area, do you prefer to stay at the same hotel or a different hotel?*
- *Does variety seeking influence you to switch the hotel?*
- *If the hotel that you were satisfied with increases the price, would you still to be a guest of that hotel?*
- *Does the price influence you to switch the hotel?*

- *Does the brand image and reputation of the hotel play a major role in your decision making?*
- *Do the beautiful brochures, persuasive advertisement, or pictures on websites influence you to switch the hotel?*
- *Do the discounts, special offers influence you to switch the hotel?*
- *What should the hotel managers do to make you return to the hotel?*
- *When choosing a hotel, what are the factors that you will consider?*

Step 7: Cross-check the interview formats and adequately cover any standardized questions.

Furthermore, the researcher will use tape recorder as the instrument for data collection. Recording and transcribing interviews will help the researcher to conduct the interview effectively because the researcher is supposed to be highly concentrating on the conversation, follow up interesting points, and probe where necessary. Denscombe (2003) cited that to record and transcribe interview helps to correct the natural limitations of memories and to allow repeated examinations of the interviewees' answers. On the other hand, tape-recording can be distressing for the interviewees; at first people can be threatened by it, but most people relax after an initial period of hesitancy. As for transcribing, it is very time consuming. When the tape has been transcribed into text file, it is easier to analyze the data.

It is necessary for the researcher to prepare the interview. The researcher will ask for authorization from the respondents before conducting the interview. The interviewees will be contacted in advance to arrange a convenient time and venue for the interviewee. Similarly, the interview will take approximately 45 minutes for each interviewee and the researcher will inform the interviewees in advance. Finally, the

interviews will be conducted in Thai language to eliminate the language barrier and make the interviewee feel relaxed and at ease to participate in this interview.

4.4 Qualitative-Data Analysis

Unlike quantitative research, which seeks explanation and prediction through theory testing, the goal of qualitative data analysis is to move from summarizing the data to identifying related themes and patterns, to discovering relationships among the themes and patterns, and to develop explanations for these relationships (Walsh, 2003).

The researcher will use the *content analysis* in this study. Content analysis is the process of identifying, coding, and categorizing the primary patterns in the data (Patton, 1990). This type of analysis allows themes to emerge from the raw data, and this describes the main focus of the qualitative analyst. In addition, this is an approach to the analysis of documents and texts that seek to quantify content in terms of predetermined categories and in a systematic and replicable manner (Bryman, 2004). The main limitation is that it has an inbuilt tendency to dislocate the units and their meaning from the context in which there were made

Denscombe (2003) concluded the procedure of content analysis as follows;

- Choose an appropriate sample of text.
- Break the text down into smaller component units.
- Develop relevant categories for analyzing the data.
- Code the units in line with the categories.
- Count the frequency with which these unit occur.

- Analyze the text in terms of the frequency of the units and their relationship with other units that occur in the text.

In summary, the researcher uses content analysis to explore the raw data. During this process, themes and subthemes are identified and are then converted into categories. Each category consists of a full description and examples from the raw data of the theme and subthemes. Each category is given a name and a theme code to represent that label. These category name and codes are also listed in a data index. Moreover, a rule for inclusion is formulated for each category. Finally, a map representing the relationships between the categories is constructed (Cavana et al., 2001).

Although content analysis is suited for qualitative research in many ways, like other research technique, it has some limitations. First, it is difficult for the researcher not to see trends and categories as the data clarify. Secondly, the researcher will work back and forth between the themes and sub themes and even between the themes and the raw data repeatedly. Finally, gathering data, analyzing the data and writing the report are not mutually exclusive activities. However, the complex, critical, and in-depth analysis demanded by qualitative data can be achieved only by the human brain.

CHAPTER V

PRESENTATION OF DATA

AND CRITICAL DISSCUSION OF RESULTS

This chapter presents the general findings from the qualitative interviews with 30 customers who were satisfied with the hotel but when they returned to the area they switched to another hotel. This chapter is divided into three main sections. The first part is the interviewees' characteristics. The second section deals with the results from the interviews and the last section is the discussion of the results.

5.1 Interviewees' Characteristics

The researcher interviewed all satisfied customers who have a switching behavior in the hotel business. The people who are interviewed in this research are the groups of people that have the same experience; therefore the characteristics of the interviewees are not diversified and can not be represented as the population. The characteristics of the interviewees include age, gender, income, occupations, and educational background; the results are shown as follows;

5.1.1 Age

From 30 interviewees, age of the interviewees is not diverse. The informants can be divided into two groups, the majority of the informants (24 informants) were between 21-35 years old and another group (6 informants) was between 36-45 years old.

5.1.2 Gender

Most of the interviewees were female (25). The rest of interviewees were male (5). From the result, female tend to switch hotel more than male.

5.1.3 Educational Background

The educational background of 30 interviewees can be divided into 2 groups. 18 have educational background in Bachelor's Degree. The rest (12) have educational background in Master's Degree.

5.1.4 Occupation

The majority of interviewees were business employees accounting for 21 respondents, 6 were students and 3 were in other groups like dentist, teacher and unemployed.

5.1.5 Income

From 30 interviewees, most of the interviewees (14) have monthly income between 10,001-25,000 baht, followed by 9 interviewees who have monthly income between 25,001-40,000 baht and 4 interviewees have monthly income between 40,001-55,000 baht. The last group of 3 interviewees has monthly income less than 10,000 baht.

The characteristics of the interviewees who have a switching behavior from the satisfied hotel are illustrated in percentage in Table 5.1 on the next page.

Table 5.1: Interviewee's Characteristics

Interviewee's Characteristics	Percent
<u>Gender</u>	
Female	83.33 %
Male	16.66 %
<u>Age</u>	
21-35	80 %
36-45	20 %
<u>Education level</u>	
Bachelor's Degree	60 %
Master's Degree	40 %
<u>Occupation</u>	
Business employee	70 %
Student	20 %
Others	10 %
<u>Income level</u>	
10,001-25,000 baht	46.66 %
25,001-40,000 baht	30 %
40,001-55,000 baht	13.33 %
less than 10,000 baht	10 %

5.2 Interviews' Results

This section illustrates the perspective from the informants about the reasons for switching hotel. Moreover, the researcher also acquired more practical information from the interviews about the reasons for selecting hotel, the reasons for revisiting the hotel and other issues.

Figure 5.1: Content Analysis Process

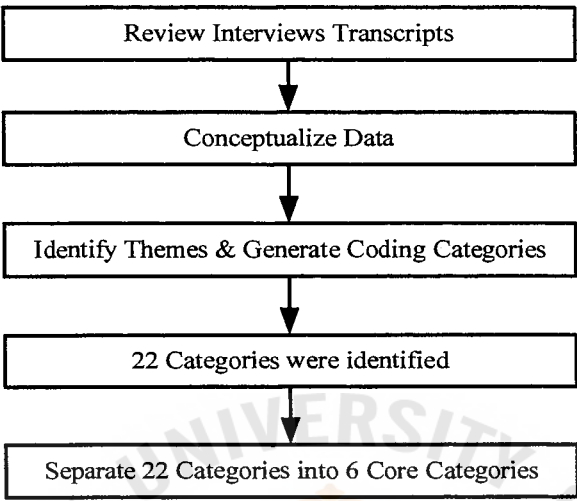
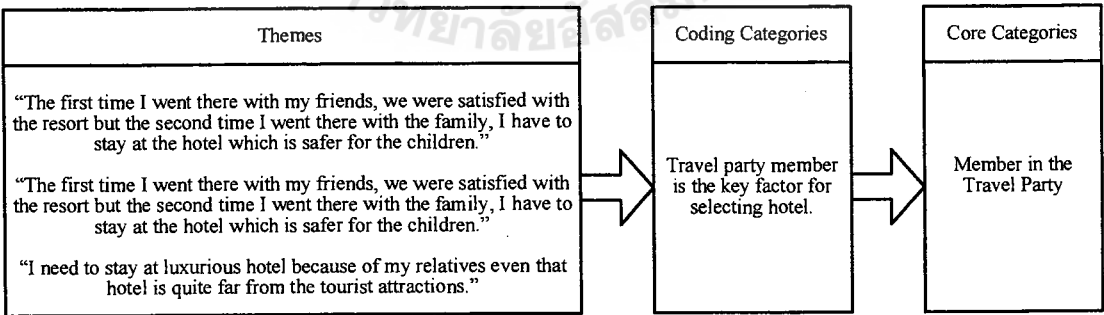


Figure 5.1 shows the analysis process employed in this research. The interviews transcripts were first reviewed to conceptualize the gathered data into categories. Then the categories were grouped into main categories of related information. The examples are given in Figure 5.2.

Figure 5.2: Examples of data gathered from the interviews and assigned category coding



From the content analysis process above, the researcher summarized the observed findings on the perspectives of satisfied customers who switched the hotel in Table 5.2 on page 58.

Table 5.2: Perspective of satisfied customers who switched the hotel

Reasons for switching the hotels	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26	R27	R28	R29	R30	N=30
Travel party member is the reason to switch the hotel.																															7
Travel party member is the key factor for selecting hotel.																															17
When traveling with family, my parents select the hotel.																															5
When I travel with family, we have to select the good quality hotel.																															6
If I travel with friends, we decided together where to stay.																															11
I consider myself as a variety seeker, but when traveling with friends or family, they do not prefer to switch the hotel.																															7
Variety seeking is the reason for switching the hotel.																															8
When I revisit the destination, I preferred to stay at the different hotel to explore the new surroundings.																															5
Price is the reason to switch the hotel.																															4
Price is important for making the decision.																															11

Table 5.2: Perspective from satisfied customers who switched the hotel (cont'd)

Reasons for switching the hotels	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26	R27	R28	R29	R30	N=30
I always compare the prices and rates offered by various hotels in that area.																															7
If my satisfied hotel that I stayed increases the price around 5-10% or not more than 500 baht, I will return to that hotel.																															13
If my satisfied hotel that I had stayed increases the price, I will switch to another hotel.																															5
The price of hotel that satisfied me is high.																															2
The hotel that that satisfied me increases the price.																															1
Competitive promotional strategies are the reason to switch the hotel.																															5
Brand image and reputation are not important for selecting hotel.																															17
Brand image and reputation of hotel are important when traveling with family.																															8
Advertising and brochures are important when selecting the hotel.																															17

Table 5.2: Perspective from satisfied customers who switched the hotel (cont'd)

Reasons for switching the hotels	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26	R27	R28	R29	R30	N=30
Advertising and brochures are not important when selecting the hotel.																															13
Special offers and discount play a significant role when comparing the hotels in same level.																															13
Special offers and discount are not important for selecting hotel.																															8
I do not believe in advertisement																															1
Location is the reason to switch the hotel.																															2
I found the hotel in the better location.																															2
Ambiance is the reason to switch the hotel.																															4
The hotel I satisfied is more crowded so I switched to another hotel																															2
The environment surrounding the hotel has changed, so I switched the hotel.																															2

As illustrated in Table 5.2, the informants also share their experiences and behaviors when they traveled which are very valuable for this study. Hence, the researcher expressed the informant perspectives by the mass similar comments.

Fifty-six percent or 17 informants stated that members in the travel party are the important factor when selecting the hotel. 11 informants cited that when they travel with friends, they decided together where to stay while 5 informants said that if they travel with family, the parents are the persons who select the hotel. Additionally, 6 informants reported that when they travel with family, they have to select a good quality hotel. On the other hand, 7 informants mentioned that they consider themselves variety seekers, but when they travel with friends or family, they do not prefer to switch the hotel.

Moreover, for variety seeking, 5 informants said that they prefer to stay at different hotels to explore new experiences when they revisit the destination.

Regarding the perspective about price when selecting hotel, 36 per cent of the informants (11 persons), mentioned that price is important when making the decision. Seven informants always compared the prices offered by different hotels in that area. Furthermore, 13 informants said that if the hotel that they were satisfied with had increased the price around 5-10 % or not more than 500 Baht, they will revisit that hotel again. However, 2 informants stated that they switched the hotel because the hotel that they were satisfied with has a high price and they can not afford it the second time around. Furthermore, only one informant quoted that she switched the hotel because the hotel had increased the price unreasonably so she switched to another hotel.

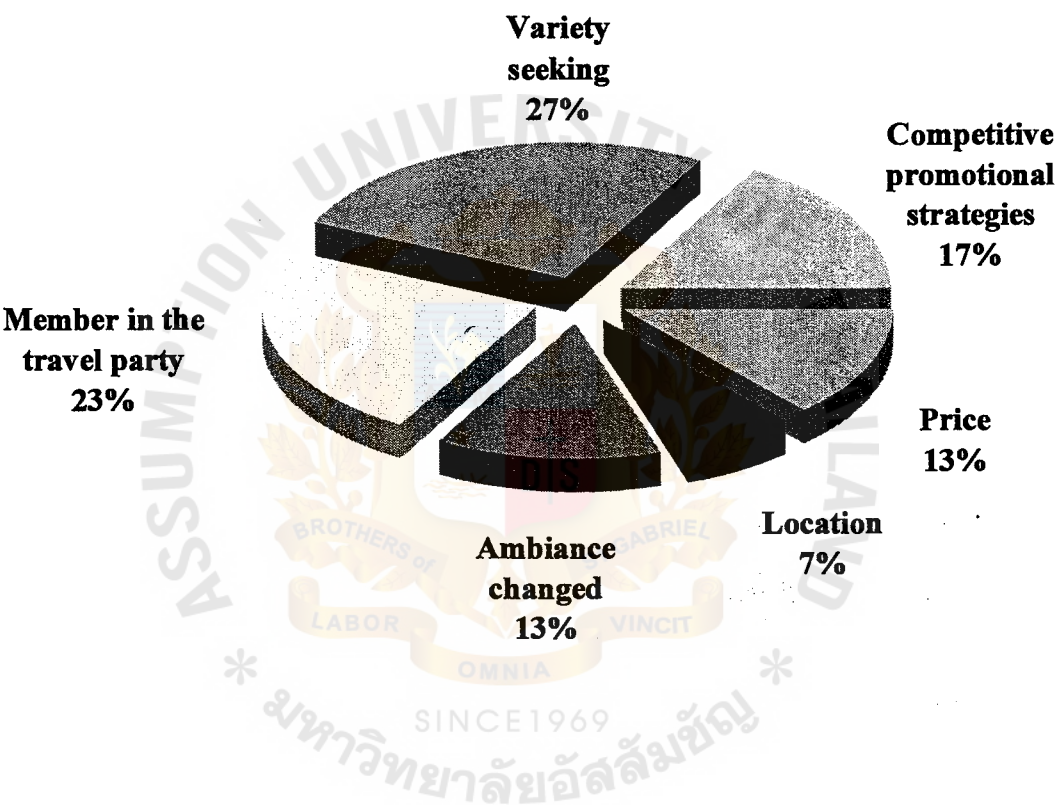
Comments about the promotional strategies are also mentioned by most of informants. More than half of all informants (17 out of 30 people) commented that brand image and reputation of the hotel are not important when selecting the hotel. Only 8 informants mentioned the brand image and reputation of the hotel as important when they traveled with family. While advertising and brochures are important when selecting the hotel as confirmed by 17 informants, the rest of the informants (13 persons) disagreed. Additionally, 13 people declared that special offers and discount play a significant role when comparing the hotel at the same level, whereas 8 people thought this is not important when selecting a hotel. Surprisingly, only one informant strongly expressed that she did not believe in advertisement.

There are two additional issues added by the interviewees. Two informants stated that the location of the hotel is also important for selecting a hotel. Those informants cited that they found the new hotel in the better location, so they switched from their satisfied hotels. Another issue added in this study is the hotel environment, this includes ambiance and living conditions. Four of thirty informants mentioned about the changed environment. Two of them revealed that the hotels that they are satisfied with are more crowded since the hotels are well known and more guests stayed at the hotel. While another two informants quoted that they had visited the hotel a long time ago and they were very impressed but when they returned to the hotels again they found that the hotel surrounding had changed, and the hotel itself had not been innovated so they decided to switch to another hotel in that area.

From the empirical results in Table 5.2, the researcher summarized the factors affecting the switching behavior among satisfied customers arranged by number of informants who are variety seeking (N=8), members in the travel party

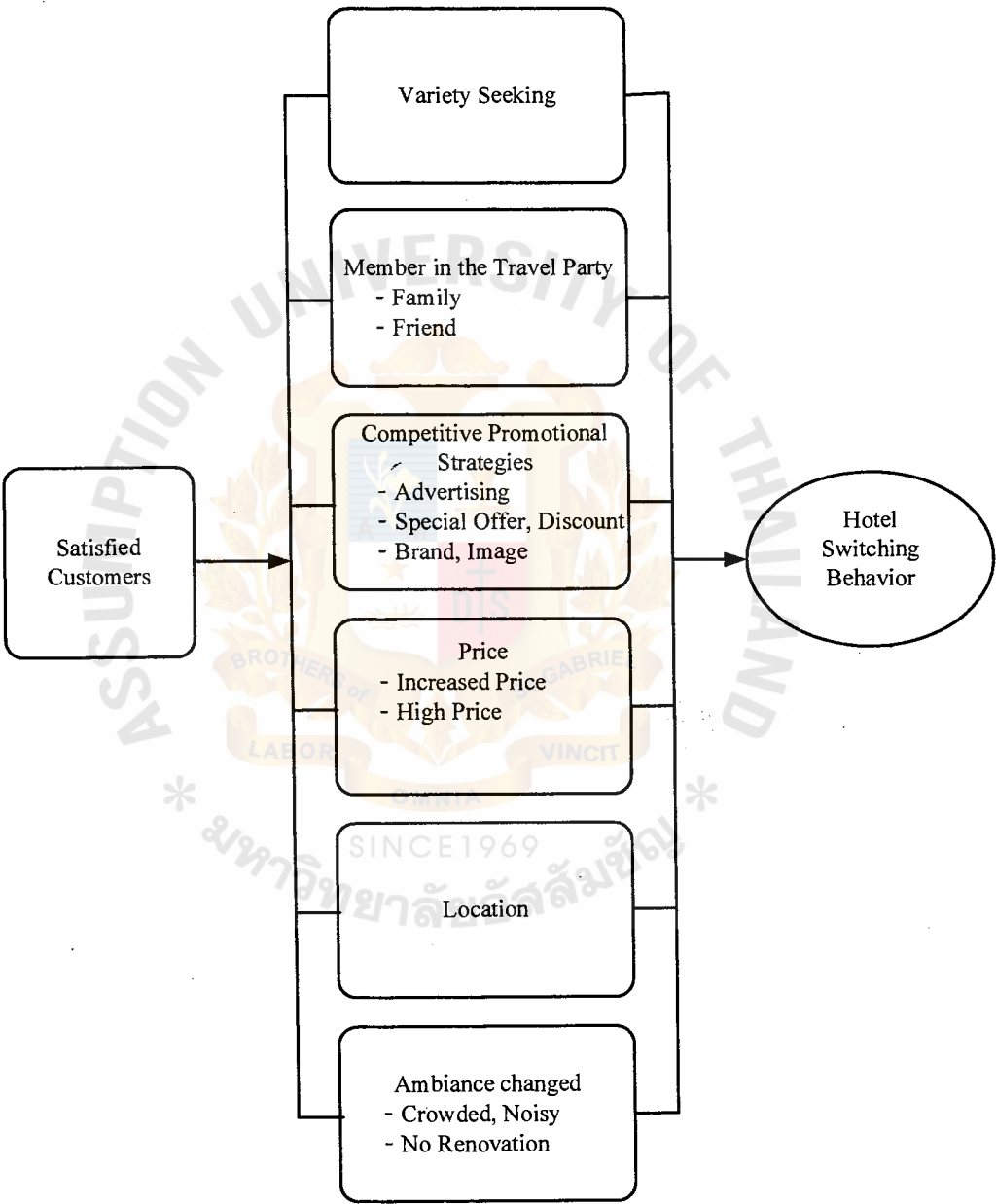
(N=7), competitive promotional strategies (N=5), environment changed (N=4), price (N=4), and location (N=2). Those factors can be illustrated in percentage in Figure 5.1.

Figure 5.3: Factor affecting the switching behavior among satisfied customers



From this study, the researcher can elaborate the factors affecting the switching behavior among satisfied customers in the hotel industry into six general categories: variety seeking, member in the travel party, competitive promotional strategies, price, location, and ambiance changed. The result shows that variety seeking and member in the travel party are ranked as the largest category for the reasons for switching the hotel. The model of factors affecting the hotel switching behavior among satisfied customers is shown in Figure 5.2 on the next page.

Figure 5.4: A Model of Factors Affecting the Hotel Switching Behavior among Satisfied Customers



Apart from the interview guideline, the researcher added two more questions regarding the factors affecting hotel selection and revisiting including issues added by the interviewees. Empirical findings are summarized in Table 5.3, 5.4 and 5.5.

Table 5.3 (on page 66) shows the factors that influence the interviewees in hotel selection. This can be sorted from the majority to minority as price (N=16), atmosphere and environment (N=15), comfort (N=13), hotel facilities (N=12), location (N=11), safety (N=3), cleanliness (N=3), food (N=2), discount or special offers (N=2), and advertising/reference (N=1).

Table 5.4 (on page 67) summarizes the empirical findings on the factors affecting hotel revisiting. The most effective factor is atmosphere and environment (N=14). The next are hotel services (N=12), discount/special offers (N=7), hotel facilities (N=5), comfort (N=5), price (N=2), food (N=2), cleanliness (N=2), and safety (N=2) respectively.

Table 5.5 (on page 68) reviews other perspectives from the informants. References play a significant role in the hotel selection process. Twelve informants confirmed that hotels recommended by their friends will be put in the list to consider, while the remaining eight informants said that reference is not important when selecting hotel. Regarding hotel facilities, nine informants declared that it is important to consider the hotel facilities, but in fact, they are not using the hotel facilities while five informants do not consider hotel facilities as important. Surprisingly, there are six informants who strongly asserted that they always inspect the room before selecting the hotel.

Table 5.4: Factors affecting hotel revisiting

Factors affecting hotel revisiting	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26	R27	R28	R29	R30	N=30
Price																															2
Location																															4
Atmosphere and environment																															14
Food																															2
Discount, Special offers																															7
Comfort																															5
Cleanliness																															2
Safety																															2
Hotel services																															12
Hotel Facilities																															5

Table 5.5 Other perspectives from satisfied customers who switched the hotel

Others	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26	R27	R28	R29	R30	N=30
I always inspect the room before selecting hotel.																															6
Hotel facilities are important for selecting hotel but not much using it.																															9
Hotel facilities are not important for selecting hotel.																															5
Reference from friends is not important when selecting hotel.																															8
Reference from friends makes me consider the recommended hotel as a choice.																															12

5.3 Discussion of the Results

The researcher stated the research propositions in Chapter III to generate all possible explanations concerning “why satisfied customers switch the hotel when they return to the area” (page 33). After the interviews were completed, the researcher found that some propositions were not mentioned by the interviewees; on the other hand, some propositions were pointed out. Therefore, in this section, the researcher will illustrate the results from the field work by eradicating some propositions and merging new variables.

5.3.1 Research Propositions

Proposition 1: The satisfied customers switch the hotel because of the purpose of the trip.

The researcher asked the informants about the purpose of the trip on both previous and the latest visits to prove that the purpose of the trip is the reason for switching the hotel.

All of the informants confirmed that the purpose of the trip is not the reason to switch the hotel because the purposes of both visits are the same which is leisure.

Regarding the purpose of the trip, it has been noted that the leisure travelers tend to be less loyal to the hotel and are seeking more variety. With the business market, it could be assumed that they are more loyal to the hotel they have previous stayed in and were satisfied.

Proposition 2: The satisfied customers switch the hotel because of the members in the travel party.

The researcher attempts to understand the dynamics of group decision making as tourism appears to be a highly social event, involving two or more people in the travel group. The results of Orth (2005) about Consumer Personality and Other Factors in Situational Brand Choice Variation demonstrate that when customers know what other group will observe their behavior (e.g. friend), their choice will be adjusted accordingly. Because the perceived norms of behaviorally relevant reference groups influence brand choice, more attention needs to be given to the social context.

From the study, members in the travel party play a significant role in switching behavior among satisfied customers. Seven out of thirty people stated that members in the travel party were the reason they switched the hotel. The members in the travel party can be divided into two groups; family and friends.

The informants indicated that when they travel with the family, they consider the safety and the conveniences. Moreover, they emphasized that if their parents are satisfied with the hotel, they have to return to that hotel because their parents would not switch even if they want to. On the other hand, the informants who travel with friends prefer to switch the hotel even when they were satisfied. Some informants mentioned that normally they are variety seekers and want to stay at a different hotels but they couldn't because members in the travel party did not agree. In this study, 6 informants switched the hotel because of their friends and 1 informant switched the hotel because of its family.

Some informants gave the comments about members in the travel party as;

“Members in the travel party are the key factor for me to choose the hotel. Last time I was very happy with my friend at the resort but this time I went there with my family, so I need to stay in the hotel that provides more facilities for all members.”

“The first time I went there with my friends, we were satisfied with the resort but the second time I went there with the family, I have to stay at the hotel which is safer for the children.”

“I need to stay at a luxurious hotel because of my relatives even if that hotel is quite far from the tourist attractions.”

Proposition 3: The satisfied customers switch the hotel because they are seeking variety.

The study of Walsh, Mitchell, and Hennig-Thurau (2001) about German consumer decision-making styles stated that high variety seeker is likely to switch brands, even if their current brand satisfies their needs. They may also switch brands to experience better alternative or to increase stimulation by bringing something new into their lives.

The results of this study also support this issue, eight informants indicated that even they are satisfied with the hotel in the previous stay, they like to switch the hotel to perceive new things. Their comments are as follow;

“I want to change the environment to stay at the different styles of hotel”

“I went to Pattaya many times and I preferred to stay at the different hotels for new environment, new view when I take the photos”

“The new hotel that I switched to is very attractive and I want to stay at varied hotels”

Proposition 4: The satisfied customers switch the hotel because of price sensitivity.

Price is one of the key factors that hoteliers use as a strategy. In this study, price sensitivity includes customers who perceived that price of the previous stay was too high; price increased, so they found a lower priced hotel.

Most of the informants stated that 5-10% or 500- 1,000 Baht of price increases is acceptable and does not influence them to switch the hotel if they were satisfied. But price is the key factor for most of the informants when they select the hotel.

Four informants who switched the hotel because of the price sensitivity gave reasons as follow;

“I just want to try to stay at this hotel. Even the price is quite high, but I’m really impressed with the hotel. Anyway, for the second visit, I can’t afford this”

“The price of the hotel that I stayed was too high, so I switched to the cheaper one”

“I switched the hotel because another hotel offered a lower price and I think the services and facilities at these two hotels are not much different so it’s better to choose the cheaper one”

Proposition 5: The satisfied customers switch the hotel because of the competitive promotional strategies.

In this research, the competitive promotional strategies refer to the special deals available on competing brands such as sales promotions, special offers including brand image, reputation, and media advertisement. Five out of thirty informants indicated that the competitive promotional strategies from other hotels made them switch from the hotel they were satisfied with.

From the research, all of the informants do not consider the brand image and reputation of the hotel when they select the hotel, thus it does not influence satisfied customers to switch the hotel. However, brand image and reputation of the hotel will have influence in the case the rate of the hotel in this area is not much different and will have influence if they travel with the elders in the family. Moreover, brochures, advertisements, websites make them interested in that hotel but they do not believe in it as much. Most of the informants need to check the room before check-in. As well as the referrals from their friends can slightly influence them to consider that hotel. On the other hand, discounts and special offers influence some satisfied customers to switch the hotel.

“I’ve changed hotel because one of the members got the voucher from another hotel, so we agreed to stay at this hotel”

“We decided to stay at this hotel because the hotel offered us special rate and allows for late check out”

5.3.2 Discovering New Propositions

New Proposition 1: The satisfied customers switch the hotel because of the physical environment/ambiance changes.

Another issue added in this study is the hotel environment and ambiance, this includes the living conditions. Four of thirty informants mentioned about the environment change. Two of them revealed that the hotels that they were satisfied are more crowded since the hotels are well known and more guests stay at the hotel. While other two informants quoted that they had visited the hotel a long time ago and they were very impressed but when they returned to the hotels again they found that the hotel surrounding has changed, and the hotel itself has not been renovated so they decided to switched to another hotel in that area.

“The hotel has more people and is not quiet like it was before, so I switched to another one”

“It’s been quite long time that I had stayed at this hotel and it is still not renovated so I switched to stay at another hotel”.

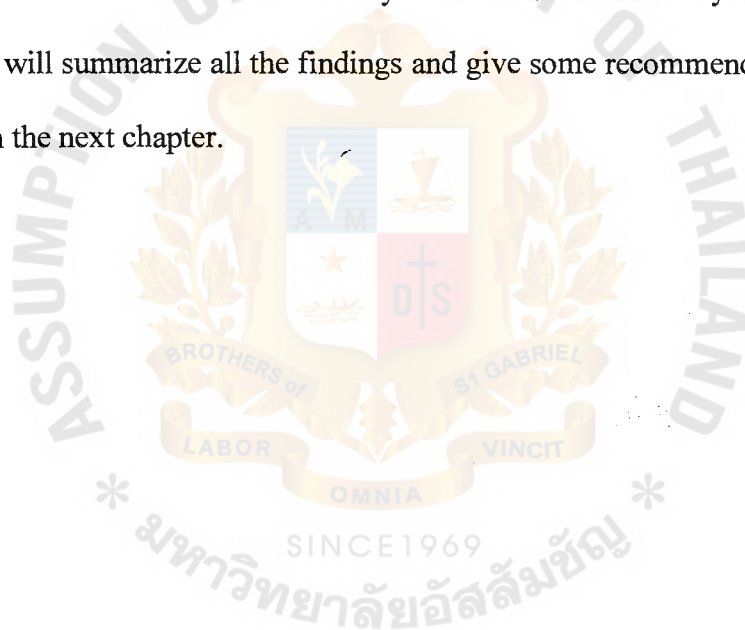
New Proposition 2: The satisfied customers switch the hotel because of the location of the hotel.

It is convenience of location that makes the customers travel around and the atmosphere inside and outside the hotel that influenced the satisfied customers to switch the hotel. Some informants mentioned that if they travel to the sea, they prefer the hotel that provides a private beach or is located next to the beach. Moreover, the hotel on the beach should be low-rise rather than high building and should be harmonized with the environment.

“I’ve changed the hotel because I found the new hotel in the new location that I never been there before”

“The hotel that I switched to is near the tourist attraction and easy for transportation”

In conclusion, findings about the new propositions added by the informants are valuable and help the researcher to obliterate unrelated propositions that makes this research more complete and shows the lot of aspects needed to be studied to improve the services in the hotel industry to maintain customer loyalty. Moreover, the researcher will summarize all the findings and give some recommendations for further research in the next chapter.



CHAPTER VI

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter is divided into three parts. First is the summary of findings of informants' characteristics, customers' decision-making and attitude. The next part is the managerial implications which result from the study. The last part is the limitations and directions for further research that should be investigated in the future.

6.1 Summary of Findings

This section shows the summary of findings in a brief statement from the data gathered, which includes a summary of informants' characteristics and a summary of factors affecting hotel switching behavior among satisfied customers.

6.1.1 Informant's Characteristics

An investigation of the data revealed that the majority of informants were female (83.33 percent), age between 21-35 years (80 percent) and 36-45 years (20 percent) and well educated (60 percent completed Bachelor's degree and the rest completed Master's degree).

Most of the informants are working; with 70 percent being business employees while 20 percent are students. The income levels of the informants were diverse, the most populated income levels ranged from 10,001-25,000 baht (46.66 percent), 25,001-40,000 baht (30 percent), 40,001-55,000 baht (13.33 percent) and less than 10,000 baht (10 percent).

6.1.2 Factors Affecting Hotel Switching Behavior Among Satisfied Customers

The objective of this study is to identify the factors that caused satisfied customers to switch the hotel, therefore, five research propositions have been developed, based on the model of customer switching in service industry associated with the study of customer loyalty identified from the research literatures.

Regarding the conceptual model, there are five propositions used to identify the factors that caused satisfied customers to switch the hotels; purpose of the trip, member in the travel party, variety seeking, price sensitivity, and competitive promotional strategies.

In examining the interviews, one proposition was rejected which was the purpose of the trip. All of the informants confirmed that the purpose of the trip is not the reason to switch the hotel since the purposes of both visits are the same which is leisure while other propositions are confirmed by the informants. Moreover, new propositions were added by the informants. Some informants mentioned that location and the ambiance made them switch the hotel.

In conclusion, results from this study clearly indicate that there are five factors affecting the hotel switching behavior among satisfied customers are: variety seeking, member in the travel party, price sensitivities, competitive promotional strategies, location and changed ambiance.

Additionally, there are ten factors in determining a hotel selection; price, atmosphere/environment, comfort, hotel facilities, location, safety, cleanliness, food, discount/special offers, and advertising/reference. Some factors also play a significant role in hotel revisiting which are atmosphere/environment, hotel services, discount/special offers, hotel facilities, comfort, price, food, cleanliness, and safety.

6.2 Managerial Implications

The most important implication of this study is that hoteliers should not assume that satisfied guests will guarantee repeat purchases. Furthermore, this study shows that there are some points concerning the hotel switching behavior among satisfied customers that managers should consider.

Findings from this research highlighted the fact that variety seeking is considered the main reason for switching behavior. Variety seekers tend to buy new product even though they continue to express satisfaction with the old brand; possibly they want to maintain a certain level of stimulation. Targeting variety seekers could mean practical strategies to be planned; such as properties renovation and facilities modernization to create attraction among variety seekers.

Since there is a negative relationship between satisfaction and loyalty, the hoteliers might reconsider loyalty programs by diverting the budget spent on loyalty programs to developing promotional strategies such as creating a special package, offering discount, or advertising to build brand awareness.

Moreover, the results from this research clearly indicated that family and friends have an impact in the decision making process. Managers should better understand tourist behavior about when and how family and friends become influential, to more effectively target the market.

Finally, hoteliers should not overlook demographic factors. The managers should analyze their own guests to gain understanding of how these guests differ by gender, age, education, income, and type of travel on the dimension of involvement and loyalty.

6.3 Limitations and Directions for Further Research

There were a number of limitations in this study which can be addressed in future studies. Firstly, the results may not be generalized to other services of the tourism industry. Data from this study were collected from satisfied customers who have switching behavior in the hotel business. The other segments in tourism may have different features affecting the switching behavior among satisfied customers. Thus, it would be beneficial to extend this research to other facets of tourism. Next, the sample for this study was rather small and not extensively distributed in terms of age. So with larger sample sizes, more diversity of samples can be used to determine the factors affecting hotel switching behavior among satisfied customers. In addition, the majority of the customers who were satisfied and switched the hotels are female; therefore, the demographic factor should be focuses in the further research. Moreover, the informant was asked to indicate his or her experience of hotel switching behavior. Future research could make use of this research by comparing these factors with switching behavior in other services. In addition, this research was conducted by qualitative approach; the process of qualitative data analysis is frequently unclear. Therefore, future research may employ the combination of qualitative and quantitative methods to accomplish the research goals more completely. Finally, the Customer Relationship Management (CRM) should be investigated in the future to reduce the service switching behaviors.

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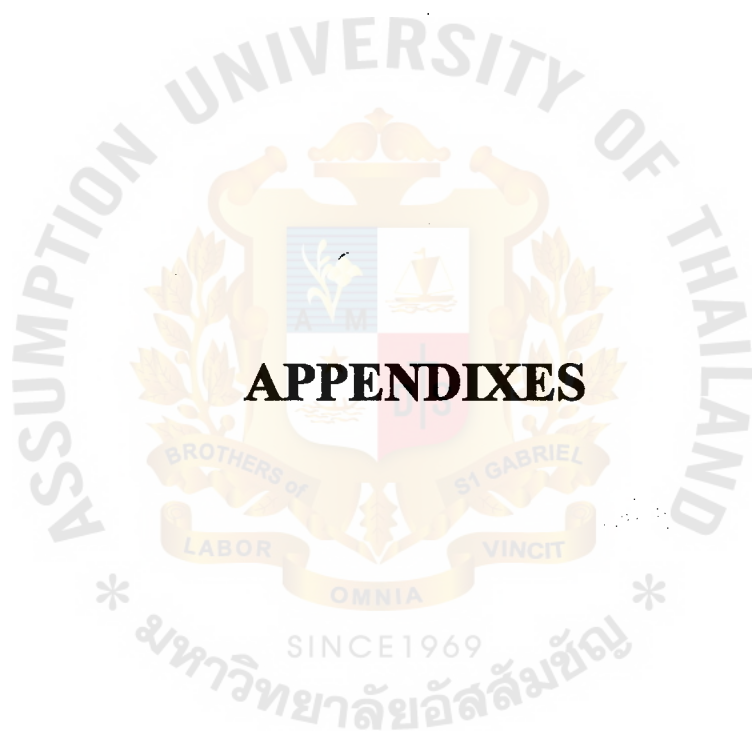
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APPENDIXES

INTERVIEW GUIDE

- ☐ Would you tell me about your hotel switching behavior? What makes you satisfied with the hotel and what are the factors that make you switched the hotel?
- ☐ When choosing a hotel, what are the factors that you will consider? Are these factors influence you to switch the hotel?

Purpose of the trip

- ☐ At the previous visit, what is your purpose of the trip? (Business / Leisure)
- ☐ At the time that you switched the hotel, what is your purpose of the trip?
- ☐ Does the purpose of the trip influence you when choosing a hotel?

Member in the travel party

- ☐ Normally when you take a trip, who are you travel companion?
- ☐ In your travel party, who make the decision where to stay?
- ☐ Does the member in the travel party influence you when choosing a hotel?

Variety Seeking

- ☐ Would you stick with a brand or hotel chain when choosing a hotel?
- ☐ When you travel to the same area, do you prefer to stay at a different hotel?

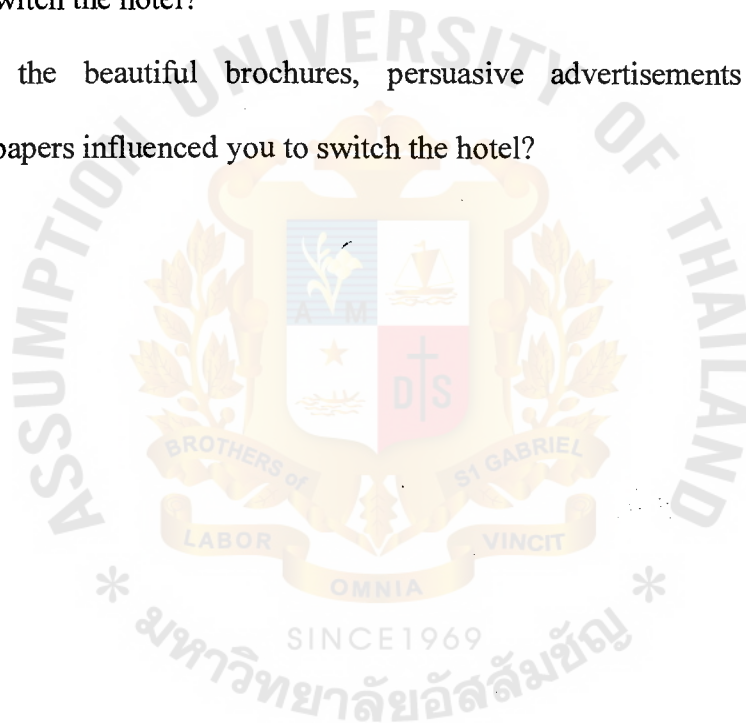
Price Sensitivity

- ☐ Did you always compare the prices and rates offered by various hotels in the area? (If YES-how do you choose where to stay?)
- ☐ What do you think about the rate of the hotel that you had stayed? (acceptable /high /low), (If HIGH- did you switch the hotel because the price of hotel that you had stayed is too high.)

- ☐ If the hotel that you had stay increases the price, would you still to be a guest of the hotel?

Competitive Promotional Strategies

- ☐ Does the brand image and reputation of the hotel play a major role in your decision making?
- ☐ If the competing hotel were offer a better rate or discount on their service, would you switch the hotel?
- ☐ Does the beautiful brochures, persuasive advertisements on magazines, newspapers influenced you to switch the hotel?



Interviewee Data

1. Gender

(1) Male

(2) Female

2. Age

(1) Under or equal 20 years old

(2) 21-35 years old

(3) 36-45 years old

(4) 46-55 years old

(5) Above 55 years old

3. Educational background

(1) Lower than high school

(2) High school

(3) Technical or Vocational school

(4) Bachelor's degree

(5) Master's degree

(5) Doctoral degree

4. Occupation

(1) Student

(2) Housewife

(3) Business owner

(4) Business employee

(5) Government employee

(6) Others (please specify).....

5. Income

(1) Less than 10,000 Baht/Month

(2) 10,001-25,000 Baht/Month

(3) 25,001-40,000 Baht/Month

(4) 40,001-55,000 Baht/Month

(5) More than 55,000 Baht/Month

6. Frequency of the trip

(1) Less than 1 time/year

(2) 1-2 times/year

(3) 3-4 times/year

(4) 5 times/year and above

7. How did you arrange your trip?

(1) Arranged by yourself

(2) Arranged by travel agent

(Package tour)



Thank you very much for your cooperation.

