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Effect of Functional Image on Customer Loyalty among Five Star Rated Hotels

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Abstract:

The study seeks to determine functional image and customer loyalty in selected five-star rated hotels within Nairobi City, Kenya. The study adopted an explanatory research design. Brand relationships theory was ground the study variables. The targeted population was 5605 from selected star rated hotels within Nairobi city, Kenya with a sample size of 216. Simple random sampling technique used to sample customers to be used in the study. Primary data was collected using questionnaires. Cronbach's Alpha used to determine the reliability of questionnaire. Pilot study was done to test the validity of the study in Sarova Woodlands hotel in Nakuru County. Descriptive and inferential statistics used. The functional image ($\beta_1=0.536$, $p<0.05$), had positive and significant effect on customer loyalty. The functional image influenced customer loyalty in hotels. Hence hotel management should ensure that they keep their promises, offer quality and reliable service. In addition, they should provide service according to the type of customers they get.

Keywords: Brande image, Functional image, customer satisfaction, cusomer loyalty

1. Introduction

Brand Image and satisfaction contributes to the loyalty intention (Nichay Kumar & shiplap (2014). Loyalty is used as barrier to switching brands and these repeat actions can be based on inertia that generates not to switch to other brands (Reichheld 2003). Bondesson, (2012), Attitudinal loyalty tells that how customer's psychology will work in suggesting brand to others and behavioural loyalty indicates actual repeat purchase behaviour. He also suggested that in spite of situational influence and marketing efforts customers will not switch to other brands if deep commitment and loyalty is there to repurchase particular preferred brand in future.

The hotel image is perceived to be a significant variable which can adversely influence the marketing strategies adopted by the hotel (Lahap et al., 2016). When a customer is committed to a brand they will reject alternatives provided by its competitors, which sustain company's profit in the long run (Hur, Ahn& Kim, 2011). Schulz and Omweri (2012) specified that a higher quality of services tends to add value increasing customer retention and customer loyalty. Similarly, an organization which has achieved higher profitability as a result of developing a strong image for their products or service have reinvested in customer loyalty (Mirzaee, Rad, & Molavi, 2013).

Sondoh et al., (2007) associated to the functional form of a brand image with inherent benefits of consuming a particular product characterized by specific attributes. This suggests that customers develop an impression about a product associated with specific features that are measurable. Trott & Sople (2016) also perceived it in terms of the aspects which encourage the customers to earnestly look for items that can resolve most of their consumption-related issues. According to Kariuki (2015), consumers tend to develop a particular brand using some correspondences with other parties.

2. Literature Review

2.1. Concept of Customer Loyalty

Voorhees et al., (2017) argued that the outcome such activities encountered by the customers emphasize the critical role of a precise understanding of the *service* experience. In relation to this, Bofulo (2015) pointed out that ability of an enterprise to provide quality products and at the same satisfy the diverse needs of its customers is solely grounded on an evaluation of the products and service from the customer's past experiences.

Through a contextual analysis, Archakova (2013) supported these findings when he discovered that customer satisfaction and service quality are considered as the necessary tools which support an enterprise in terms of enhancing its operations, creating profits, and attain customer retention. This suggests that when customers are shown better satisfaction with the service quality, there is a high probability of them coming back. In a study conducted by the National Business Research Institute (NBRI), they came up with some dimensions which can be utilized to evaluate customer satisfaction. These include the quality of service, innocence, the pace at which service offered, cost, grievances offered, confidence bestowed in the workers, other services need in the enterprise and the customer's experiences (Agbor, 2011).

Rao (2012) categorized customer satisfaction into two main classes based on methodological differences. These include the transaction-specific and cumulative. The former indicates that customer satisfaction is considered as a post-assessment of a specific purchase event while the latter examines the aggregate purchase and consumption experiences concerning a particular product over a certain duration. Literature has accumulated a vast body of knowledge related to transaction-specific customer satisfaction from the perspective of an individual (Agbor, 2011). In this research, cumulative customer satisfaction is perceived to be more critical as compared to transaction-specific in determining the customer satisfaction and hotel image.

2.2. Effect of Functional Image on Customer Loyalty

According to Owino (2013), these impressions are perceived in terms of the experiences in a firm, developed, the meaning is added and used to reconstruct the brand image of a firm. Lu et al. (2015) established that there was a significant relationship based on the demographic elements.

Similarly, Kamuruchi (2016) investigated the association that existed between functional image and client satisfaction among audit firms. Using the SERVQUAL model to evaluate the perceptions of 500 firms listed in the stock exchange, the results indicated that the firms were more satisfied with the functional dimension as compared to other dimensions observed. Abd-El-Salam, Shawky & El-Nahas (2013) identify a relationship between functional image and customer satisfaction. To arrive at these results, the study established how functional image influence customer loyalty.

2.3. Theoretical Framework

This research is guided the brand relationship theory. It was advanced by O'Donohoe & Tuncay Zayer (2012) when they examined the existing relationships among human beings. Therefore, the theory advocates that if a significant relationship exists between the image of the brand and the customer's self-image, then it can be deduced that there is a high probability of customer's intent to purchase and the brand assessment (Sadeghi & Rad (2012).

Ailawadi & Keller (2004) performed a two-month longitudinal study which attempted to establish the relationship between consumers and brands. From the theory, the social recognition function is grounded in the ability of a brand to operate as a correspondence tool permitting the customer to portray their expectations or to disassociate themselves with a particular brand. This suggests that customers portray a significant relationship with brands which assume an excellent reputation as opposed to those which do not. On the contrary, the function of the brand illustrates the ideas and thoughts behind a particular brand from a customer's perspective.

3. Research Methodology

The study was conducted in Nairobi, Kenya; the city covers an area of 692km² at about 1,661m above sea level. It has a population of approximately 3,183,295 (National census, 2009). The researcher used Explanatory design. This is because the study used the hypotheses. The study intends to discover ideas and insights.

The study targeted Five Star Hotels based on 1019 number of rooms they include Sankara Nairobi, New Stanley Hotel, Fairmont the Norfolk, Nairobi Serena Hotel and InterContinental Nairobi (TripAdvisor, 2018). The five hotels were selected because are highly competitive and are all located in Westland area. The study used Schall (2003) formula to estimate the target population. The total number of rooms from 5-star hotels were 1019. Systematic random sampling technique was used to determine the number of respondents to participate in the research process from each of the hotels selected. The sample for the study was derived from the target population. The sample size of 216 were obtained using the following Nassiuma (2000) formula;

$$Nc^2 / c^2 + (N - 1)e^2 = n$$

Where, n=Sample size, N=Population, c=covariance, e= error

$$5605(0.3)^2 / (0.3)^2 + (5605 - 1)0.02^2 = 504.45 / 2.33 = 216$$

The researcher used questionnaires for data collection. Questionnaires were good since they are relatively quick to collect information from a large portion of a group. They were administered on a day that the hotel was less busy so that the customers get ample time to fill them. The questionnaires were designed for customers in the five-star hotels within Nairobi. The questionnaire was divided into five main areas with responses entered on a Likert-scale response system ranging from strongly agree (5) to strongly disagree (1).

To determine and improve the validity of the questionnaire assistance was sought from the supervisors. This allowed the preparation of the final questionnaire to capture the needed data. Reliability determined by Cronbach's Alpha coefficient. A five-star hotel in Nakuru County Sarova Woodlands hotel was used to conduct the pilot study, and it was not part of the hotels selected for the actual study where 20 customers were given the questionnaires.

Descriptive and inferential statistics (correlation) was used to analyze data using SPSS version 23. Descriptive statistics utilized mean and standard deviation.

4. Results

4.1. Descriptive Results

Basing on the descriptive results, 56.3% (108) strongly agreed that the hotel performs as promised, 37.5% (72) agreed on the same though 6.3% (12) of the respondents were undecided. When asked if they like the hotel because it makes them feel beautiful, 36.5% (70) of the respondents strongly agreed, 46.4% (89) agreed though 12% (23) were neutral. Evidently, most of the respondents like the 5-star hotels because it makes them feel beautiful.

Further, 39.1% (75) of the customers agreed that the hotel is dependable as they say, 47.9% (92) agreed, 1.6% (3) disagreed while 9.9% (19) were undecided. The respondents were also asked to comment on the reliability of the hotel. The results indicated that 49% (94) of the respondents agreed that they have a preference towards the hotel because their service is reliable, 46.9% (90) agreed though 3.6% (7) were undecided.

Finally, 48.4% (93) of the customers agreed that they prefer the hotel because of the high-quality services it offers, 40.6% (78) of them agreed while 10.9% (21) were undecided. The results suggest that the hotels offer high quality services. The results indicate that the respondents were agreeable on majority of the items on functional image.

		SD	D	NS	A	SA	Mean	Std	Skewness	Kurtosis
I like this hotel because they perform as they promise	F	0.0	0.0	12.0	72.0	108.0	4.5	0.6	-0.8	-0.3
	%	0.0	0.0	6.3	37.5	56.3				
I like this hotel because they make me feel beautiful	F	9.0	1.0	23.0	89.0	70.0	4.1	1.0	-1.5	2.8
	%	4.7	0.5	12.0	46.4	36.5				
My hotel is dependable as they say	F	3.0	3.0	19.0	92.0	75.0	4.2	0.8	-1.3	2.9
	%	1.6	1.6	9.9	47.9	39.1				
I prefer this hotel because their service is reliable	F	0.0	1.0	7.0	90.0	94.0	4.4	0.6	-0.7	0.4
	%	0.0	0.5	3.6	46.9	49.0				
I prefer this hotel because they have high quality services	F	0.0	0.0	21.0	78.0	93.0	4.4	0.7	-0.6	-0.7
	%	0.0	0.0	10.9	40.6	48.4				
Functional Image							4.0	0.8	-1.2	1.1

Table 1: Functional Image

4.2. Customer Loyalty

The study sought to establish customer loyalty. The results on this item are presented in table 2. The study assessed whether the customers intend to continue staying in the hotel. The results were such that, 44.8% (86) of the respondents strongly agreed, 46.4% (89) of them agreed while 8.9% (17) were undecided. The results summed up to a mean of 4.4 and standard deviation 0.6 and indication that the respondents intend to continue staying in the hotel. Other than that, 44.8% (86) strongly agreed that they are willing to recommend the hotel to a friend, 46.9% (90) agreed while 8.3% (16) of the respondents were not sure. Besides, 40.6% (78) of the customers agreed that they intend to revisit the hotel, 50% (96) agreed, 3.1% (6) disagreed while 5.7% (11) were not sure if they intend to revisit the hotel. Also, the respondents were asked if they are completely happy with the products and services from the hotel. 61.5% (118) strongly agreed, 30.2% (58) agreed while 7.8% (15) were undecided. Further, when asked whether they do not intend to stay in other hotels, 41.1% (79) strongly agreed, 38% (73) agreed, 1.6% (3) disagreed while 17.7% (34) were undecided. When asked if the hotel is like a hotel to them, 41.1% (79) of the respondents strongly agreed, 44.8% (86) agreed, 3.1% (6) strongly disagreed while 8.9% (17) were undecided. Further, 44.3% (85) of the respondents strongly agreed that the operations and standards of this hotel are excellent, 51% (98) of them agreed, 2.1% (4) disagreed while 0.5% (1) were not sure. The mean for the item was 4.3 and the standard deviation 0.8. The implication is that the operations and standards of the hotel are excellent. Finally, 35.9% (69) of the respondents agreed that the staff are like a family to them, 10.4% (20) strongly disagreed, 11.5% (22) disagreed while 6.3% (12) were undecided. The implication is that the staff are like a family to the respondents. The results indicate that the respondents were agreeable on most items on customer loyalty. There were also less variations in the responses.

		SD	D	NS	A	SA	Mean	Std. D	Skewness	Kurtosis
I intend to continue staying in this hotel	F	0.0	0.0	17.0	89.0	86.0	4.4	0.6	-0.5	-0.7
	%	0.0	0.0	8.9	46.4	44.8				
I am willing to recommend this hotel to a friend	F	0.0	0.0	16.0	90.0	86.0	4.4	0.6	-0.5	-0.7
	%	0.0	0.0	8.3	46.9	44.8				
I intend to revisit this hotel	F	1.0	6.0	11.0	96.0	78.0	4.3	0.8	-1.2	2.5
	%	0.5	3.1	5.7	50.0	40.6				
I am completely happy with the products and services from this hotel	F	0.0	1.0	15.0	58.0	118.0	4.5	0.7	-1.2	0.7
	%	0.0	0.5	7.8	30.2	61.5				
I do not intend to stay in other hotels	F	3	3	34	73	79	4.2	0.9	-1.0	1.2
	%	1.6	1.6	17.7	38	41.1				
This hotel is like a home to me	F	6	4	17	86	79	4.2	0.9	-1.5	3.0
	%	3.1	2.1	8.9	44.8	41.1				
The operations and standards of this hotel are excellent	F	4	4	1	98	85	4.3	0.8	-2.0	6.1
	%	2.1	2.1	0.5	51	44.3				
The staff is like a family to me	F	20	22	12	69	69	3.8	1.3	-0.9	-0.4
	%	10.4	11.5	6.3	35.9	35.9				
Customer loyalty							4.1	0.8	-1.3	1.8

Table 2: Customer Loyalty

4.3. Correlation Analysis

Pearson correlation results in the table showed that functional image is positively related with customer loyalty $r = .871$ which is significant at $p < 0.01$. Functional image influenced customer loyalty positively.

	Customer loyalty	Functional Image
Customer loyalty	1	
functional image	.871**	1

Table 3: Correlation Analysis

Findings showed that functional image had a significant effect on customer loyalty. This indicates hypothesis 1 was rejected ($\beta_1 = 0.505$, $p < 0.05$). Consistent with Kamuruchi (2016) those firms were more satisfied with the functional dimension when compared to other dimensions. Also agrees with Lu et al. (2015) that there exists a link between functional image and customer satisfaction in the leisure industry based on the demographic elements. Besides, Abd-El-Salam, Shawky & El-Nahas (2013) stipulated that a positive relationship exists between functional image and customer satisfaction.

The results on functional image indicated that the hotels deliver as promised to customers. Besides, the respondents like the hotel because it makes them feel beautiful. They also find the hotels dependable and have a preference towards the 5-star hotels because their services are reliable. In addition, the hotels offer high quality services.

5. Conclusion

The functional image had an important recipe for customer loyalty in five-star hotels. This suggests that customers develop an impression about a product associated with specific attributes that they deem important. When a hotel promises to deliver certain services, customers expect the hotels to fulfill its promises. In the event the hotels accomplish these needs, the customers are satisfied and in turn they become loyal.

6. Recommendation

The management of five stars hotels should adopt a functional image as an important aspect that can capitalize on to attract and maintain customers. The managers of the five stars hotels should ensure that clients feel beautiful and at home at the hotel.

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