

*A Research over the Effects Of Customer Satisfaction and Customer Loyalty
Applications on Business Performance in Accommodation Enterprises*

Ayşen Civelek, Selcuk University, Turkey

The Asian Conference on the Social Sciences 2014
Official Conference Proceedings
0560

Abstract

The observation and pursuit of customer satisfaction level provide valuable data for tourism business executives. They are very important in terms of customer satisfaction, protection of the hotel competitiveness, commercial bring-in and sustainability. Because the best advertising always come from the satisfied customers via word of mouth communication. Besides, the preferability ratio of well promoted hotels are increasing.

It is more possible that unsatisfied clients may negatively affect their social circle comparing to satisfied clients. This idea verifies the importance of customer satisfaction at hotel business. The possibility of adverse publicity to be made by the clients, either unsatisfied by the service and check-out with negative impressions, may cause problems in the promotion of hotel. This situation will affect the occupancy rate which will bring financial problems in parallel.

The loyalty and satisfaction of the clients will be made possible as long as the market research feedbacks - determining the demographical, socio-economical and socio-cultural characteristics of the customers creating the target audience of the hotel business - are being reflected over the goods and services presented to customers. At the same time, the goods and services presented will be able to be perceived as high quality.

In this study, the affect of customer satisfaction and loyalty applications over the business performance is being researched. In this context, the main purpose of the research is to determine the level of applications being made for customer satisfaction and loyalty at accommodation business in Turkey and their affects over the business performance.

Keywords: Accommodation enterprises, Customer satisfaction, Customer loyalty, Customer value, Customer relations.

iafor

The International Academic Forum
www.iafor.org

1. Introduction

Accommodation business has realised that they can find an opportunity to differentiate and get ahead of their rivals with customer relations management in the tourism sector where competition is getting harder and profit margins are decreasing. However the process is not as easy it seems. Because in many establishments, regular data collections systems about the clients has not been set up. Most of the companies do not know who they market their product and they do not have a business tradition to start and sustain a client based business management process. An additional marketing and spending would require in order to create a good business reputation or to recover a bad reputation.

2. Customer Satisfaction

The most basic component of the marketing approach is customer satisfaction. Because the main factor affecting the future of business is the customer. Ensuring the customer satisfaction is one of the major challenges that a business facing. The financial resources needed to achieve the basic business objectives can be provided by making customers dependant to the product / service through customer satisfaction (Çakıcı, 1998: 9). There is an obvious customer dissatisfaction at business models which thinks that gaining more customers is the right approach and making their strategy over this idea.

The dissatisfaction comes out at client's side due to bad service /product and it appears as continuous advertisements and low profit margins at manufacturer's side. Besides this, it is also possible to make serious profits by developing strategies over customer satisfaction, opening customer relations departments and giving the necessary importance to clients.

The benefit at customer's side comes out as satisfying product/service whilst it is more profit at manufacturer's side. The basic principle of customer satisfaction is quality presentation of the product/service and affective customer relations. Briefly, customer satisfaction consists of customer relations and customer service as a combination. For this reason, a revision process should be followed in the advantage of customers for better service and decisions should be made to even if it causes deficit in the business (Karpas, 1998: 23) .

As only the satisfied clients would be in a tendency to easily accept an offer; many businesses are aiming to satisfy their clients at highest level possible. Satisfied customers do not change their position easily when they hear a new offer. They do not approach to a satisfying brand rationally but emotionally. And this would bring out customer loyalty (Kotler, 2001: 36) .

A highly satisfied client may show following attitudes (Kotler, 2001: 48):

- Make the shopping for a long time
- Purchase more as long as the business develops new and existing products.
- Make compliments about the business and its' products.
- Would not be interested with rival brands and price wouldn't be a priority anymore
- Would present ideas to the business about product and service

- Serving to existing clients would cost less than new clients.

Listening and understanding the clients, evaluating their feedbacks, developing new policies over their complaints and suggestions, getting in to product and service designs matching their demands and expectations, giving more importance to sales and after-sales services are some of the main principles of customer satisfaction and sustainability (Öçer ve Bayuk, 2001: 27).

3. Customer Loyalty

Loyalty is consumer's intense tendency to purchase a product or service in the future which was already known and suggested. Although environmental conditions and marketing efforts potentially affects the customer, it is actually the loyalty to one or more brands which ends as purchasing (Altıntaş, 2000: 29).

Mackay says; "Satisfaction is the simplest way of loyalty". Satisfied customers would make their shoppings from anywhere possible. However loyal customers would fight for you and push others to do business with their own suggestions. Satisfied customers are indifferent but loyal customer will be your lawyers (Duboff ve Spaeth, 2001: 179).

When customers are satisfied and trusts to a company, the respectability increases. Respectability of a company means client's decisions in the benefit of the company when buying products and services and become loyal customers.

The recent researches have shown the an average customer satisfaction would not be enough for a company for continous customer loyalty and higher profit margins (Kaplan ve Norton, 1999: 90).

Companies who give importance to their clietns more than ever makes high profit margins. The clients of such companies are grouped in two categories as constant and new clients. Customers who were satisfied in the past become loyal to the company in time. For example, if a hotel client can take a good service more than he expected at a reasonable price, he may choose the same hotel again or suggest this hotel to his friends. We call this client constant client. Customer who make their decisions over suggestion or advertsiments are called new clients. It is also another way of making profit when a satisfied brings along a new client.

There is a reality accepted by many marketing people. Gaining a new client to customer list costs 5 to 15 times more than keeping the existing client at hand. In this context, companies who are aware about the affect of customer satisfaction over profitiability have started to develop new strategies for existing clients besides gaining new ones (Gel, 2002: 17).

Loyal customers are the ones who are taken into records. Their decisions over companies products should be used as feedbacks for new strategies (Kovancı, 2001: 95).

It is harder to satisfy today's client profile. According to Jeffrey Gitomer, making satisfied customers is not a challenge but loyal customers (Kotler, 2001: 46).

4. Customer Satisfaction and Customer Loyalty in Accommodation Enterprises

Destination managers need to focus on the provision of high quality tourist experiences as "the consequences of customer dissatisfaction can be sudden and harsh".

These events are the last and most significant messengers of a slowly growing problems. Observation of customer satisfaction level would provide valuable data for the tourism management directors. Then it would help to take precautions in advance before a crisis occurs (Maddox, 1989 :2). Customer satisfaction should be the first and most important of the hotel staff. It suggested that the employment should be done carefully, personnel training programs should be prepared and delegation of authority should be made in order to provide a customer satisfaction (Lewis, 1986: 28).

The best tool to provide customer satisfaction at hotel business is the service and quality of itself. However some researchers suggest that expectations should be detected before a service experience.

Getty and Thompson discussed that expectations should be clear before a service provided; otherwise there would be a risk of confusion over the perception of the real service. In addition, some other researchers claim that measuring the expectations would be skeptical before a service experience. For example, a client may change his expectations during a service and use them as a standard in comparison. For this reason, unpredictable events just before a service given would contribute to the satisfaction or dissatisfaction of a consumer (Yuksel and Rimmington, 1998:62).

The strategies providing customer satisfaction in a hotel business can be analysed under three categories : 1) Classification 2) Research 3) Meeting customer expectations.

Market classification is one of the main ways to reach success for many hotel firms. For this reason, hotel managers should concentrate on supplying service which will satisfy needs of specific customer groups. The main reason for the survey to be made is to determine the factors which affect customer satisfaction beforehand. The aim of this survey should be about determining service types with which the customers are satisfied or dissatisfied considering their expectations, potential of the hotel and qualifications of the staff (Barsky ve Labagh, 1992: 32).

Hotels are places where multiple needs of customers from accommodation, food & beverage to social status and prestige are fulfilled. Therefore, customer satisfaction in the hotels is connected to chain of service from the moment of reservation and first meeting to departure by paying the bill. Even after the departure there may be things which affect customer satisfaction.

In the hotel management, it is not enough to know only the factors that provide customer pleasure. Besides the points about which customers are pleased, decisions about customer satisfaction is also based upon finding the points they complain (Cadotte ve Turgeon, 1998: 51).

In general quality assessments of customers about the tourism sector, both functional and technical criteria are influential. For example; the amount of food and its quality, size

of the facility, aesthetic scheme and cleanliness forms the technical quality (product quality); on the other hand presentation of food by staff who are respectful and willing to serve forms functional quality(service quality).

In service industry, customer satisfaction depends highly on the staff who are in a direct relationship with customer. Workers' being aware of the importance of their service quality and their improvement on new quality consciousness are also dependent on business culture that emphasizes quality as the fundamental principle.

5. Research Methods

The goal of the research is to learn the level of practice for customer satisfaction and for creating loyal customer network and their effects on business performance. Survey will be made in 4-5 star hotels and 1st class holiday villages in Kemer and Side regions of Antalya, Turkey. In this context, 113 facilities including 4-5 star hotels and 1st class holiday villages will be in the research. The survey, which will be used as research tool, consists of an explanatory cover letter and five pages. In cover letter there is some information about the survey and explanation for those who will fill the form.

Survey questions are based on literature scanning which was made to prepare first part of hypothetical background of the study. With this detailed research a sample questionnaire was developed. Afterwards, expert academicians on marketing were asked to analyse this sample questionnaire. By looking at the suggestions of these academicians, some questions were changed and some other questions were added and the questionnaire was completed. There are 28 questions in the questionnaire.

The first part of the questionnaire is made up of questions aiming to determine features of surveyed hotel managers and hotels. In other parts there are questions prepared for identifying application of customer relations management in facilities and its effects on business performance. Questionnaire consists of multiple choice questions and Likert type items. For example ,“Do you know the concept of customer relations ? Do you have database including information about customers? Did you make a distinction between profitable and loyal customers and the others?” are some of multiple choice questions. Variables at Likert type questions are rated as “1=It does not matter”, “5=very important”, “1=absolutely no”, “5=absolutely yes”, “1=I totally disagree”, “5=I totally agree”, “1=very bad”, “5=very good”, “1=It dropped off”, “5=It increased so much”. In the analysis of usable data of questionnaires “SPSS for Windows 10.0 version (Statistical Package for Social Sciences)” was used. And for tables, Microsoft Word and Microsoft Excel were used. Before starting the analysis of data, frequency distribution of whole data was watched to identify and correct mistakes in data entry. Afterwards the data were analysed. For the choice of statistics ,non-parametric tests ,which require less condition compared to parametric tests, were chosen (e.g., Friedman dual Anova test, Willcoxon test).

6. The Results of Study

The basic findings of the study can be summarized as follows:

In the survey it can be seen that 87.5% of managers in the facilities have college or university degrees and thus 97.5% of them know about concept of customer relations

management. However in the interviews with managers it was concluded that some of them do not know total content of customer relations management.

Table 1. Educational Status of Facility Managers in Surveyed Placed

Educational Status	Number of Facility	Percentage
University	20	50,0
College	15	37,5
High School	5	12,5
Total	40	100,0

In the sales & marketing policies of accommodations, there is a change in favor of customer. It can be concluded that the mission of all managers is to set a long-term relationship with customers. For this reason, in sales & marketing polices they give equal importance to both attracting new customers and keeping existing customers. Facilities giving equal importance to these two is of 85%. As a result, we can say that customer relations management is established in these facilities. In accordance with this purpose, the percentage of having a separate department and staff to attract new customers and keep existing ones is 55%. However, still 45% do not have this kind of organization.

Table 2. Importance Given to Sales & Marketing Policy by Facilities

Purpose	Number of Facility	Percentage
Equal importance to both ideas	34	85,0
Attracting new customers	5	12,5
Keeping existing customers	1	2,5
Total	40	100,0

In the 85% of the facilities there are personal database of customers. During the face-to-face interviews it was pointed out that most of the information in the database is quite limited. 62% of the facilities individualize their goods & services by looking at these data. The percentage of facilities which find profitable and loyal customers by following information of customers from the customer database is 55%. 42% of them said that they could do it partly. According to percentages, it can be seen that they do not use database efficiently. Among the privileges of loyal customers, providing the room they want to stay takes the first place. Besides, interesting activities such as traditional dinners, birthday parties are presented to loyal customers.

Table 3. The Condition of Privileges That are Provided to Profitable and Loyal Customers

Privileges	Avg	Sd
The room he wants is given	4,77	0,53
Private service is provided	4,65	0,74
Discount on room charges and extras	4,53	0,85

Priority in reservation and entry	4,32	0,92
By looking at the former info , customer's room is privately prepared.(His favorite drinks in the minibar, private pillow etc.)	3,90	1,01
Various presents are put to his room (Fruit basket, drinks, flowers, souvenirs with hotel logo etc.)	3,88	1,11
Free Transfer	3,85	0,83
After a certain amount of stay (e.g. 1 week), free stay for a short time	2,30	1,29

Notes: (i) $n=40$; in the ratings 1=It does not matter and 5=very important; (iii) according to Friedman dual Anova test ($\chi^2=144,072$; $p<0,000$) the results statistically make sense.

In facilities having qualified staff and their relationship with customers is the most important thing for customers to become loyal ones.

Table 4. The Condition of Factors Why Customers Become Loyal Customers in the Facilities.

Factors	Avg	Sd
Qualified staff and customer relations	4,85	0,53
Privileges provided for regular customers	4,62	0,59
Rich activities	4,58	0,55
Advantage of price	4,40	0,81
Modern technical hardware	4,27	0,68
Qualities of place	4,22	0,86

Notes:(i) $n=40$; (ii) in the ratings 1=It does not matter ve 5= very important; (iii)According to Friedman dual Anova test ($\chi^2=30,751$; $p<0,000$) the results statistically make sense .

55% of facilities train their employees about customer relations. In the face-to-face interviews it was stated that this education includes mainly workshops for improving language levels and their behaviour towards customers. 45% of facilities said that the budget for these workshops are not enough and therefore the education is only an in-service training about technical aspect of the business. With these workshops, the importance given to staff increased. Passing opinions and complaints to management is 50% flexible and 45% partly flexible. These ratios are promising about forming company culture, based on customer relations. 85% of facilities reward their staff because of this. Even if awards are generally material, for developing their self-confidence, workers are given power to solve problems. It was seen that giving award and power to workers is relatively lower in 4 star hotels. Among the qualities expected from workers, importance of customer relations is becoming higher. Most of the hotel managers stated in the interviews that besides being educated, they also decide workers who are customer focused, tied to company values, with team spirit, entrepreneur, reliable, with good communication skills.

Table 5. Qualities of the Staff that Facilities Look for Today and Three Years Later

Qualifications	Today		Three years later		Wilcoxon Test	
	Avg	SD	Avg	SD	z	p
Customer focused	4,85	0,43	4,95	0,22	-2,000	<,05
Flexibility- adaptability	4,40	0,74	4,85	0,36	-3,286	<,05
Commitment to institutional values	4,27	0,88	4,70	0,46	-3,090	<,05
Success focused	4,70	0,56	4,95	0,22	-2,673	<,05
Taking initiative and responsibility	4,58	0,59	4,87	0,33	-3,207	<,05
Analytical Thinking	4,22	0,83	4,75	0,44	-3,460	<,05
Being Proactive	4,32	0,76	4,80	0,41	-3,819	<,001
Being Creative	4,12	0,88	4,85	0,43	-4,058	<,001
Taking risks	4,07	0,92	4,75	0,63	-4,399	<,001
Supporting the development of others	4,30	0,82	4,82	0,55	-4,001	<,001
Team work	4,82	0,45	4,95	0,32	-2,236	<,05
Communication	4,63	0,49	4,97	0,16	-3,742	<,001
Entrepreneurship	4,50	0,68	4,95	0,22	-3,626	<,001
Consistency and reliability	4,93	0,27	5,00	0,00	-1,732	<,10

In hotels, customer complaints are very important to provide customer satisfaction. Hotel managers said that most of the complaints are coming to reception department. They said they also look at the questionnaires in the rooms but foreign customers generally complain to their guides.

Most of the hotels involved in research said that they made some investment about customer satisfaction. By this way, they can keep their existing customers and by gaining others they increase market share. Facilities which do not invest on this issue stated that they do not need this kind of investment and their service is already well enough.

Table 6. Reasons Why Facilities Invest to Customer Satisfaction

	Avg	Sd.
Their wish to increase income and interest	4,89	0,40
Gain/Maintain competitive advantage	4,83	0,38
Gaining new customers/Increasing market share	4,83	0,38
Keeping existing customers	4,78	0,48
Make customer services better	4,56	0,50
Lowering the cost	4,19	0,82
To keep on or because customers want it	3,53	1,32

Notes: n=36; in the rating 1=It does not matter ve 5= very important; (iii) according to Friedman dual Anova ($\chi^2=75,974$; $p<0,001$)

Facilities which make investment on customer satisfaction stated that there was rise both in sales and market share and ratio of customer satisfaction and keeping existing customers. They said that the biggest problem between customers and facilities is customers' concern about prices. Especially in the last years, because the income level

of tourists coming to Turkey is lower, problem of price became more important. In the interviews they all agreed upon this fact. Managers emphasized that because of political and economic changes in Turkey and in the world they had to make some changes in pricing policies.

It was concluded that the hotels which join this survey are better than their rivals about the factors of customer service quality, customer-focused service and rareness of complaints. It shows that their approach is customer-based. Hotels say that in the last three years, because of these activities there is increase in customer satisfaction and therefore in the interest rate and market share.

The better hotels know their customers the better service they can provide. Hotels with Customer Relations Management philosophy know much about their customers. They know their customer base well and they are lucky to have this kind of knowledge. However it is quite hard to say it for the others. They use traditional marketing style with little knowledge. In fact they can provide a huge advantage in the aspect of competition by using new lower-cost delivery channels and appropriate database.

7. Conclusions and Recommendations

Accommodations should transfer customer relations to electronic environment. By means of information technologies, especially by internet, they can pass information to potential customers all over the world and learn about their needs and choices.

Hotels should develop a system based on learning things from customers. Components of this system are; developing the interaction with customers and learning about needs, developing new goods and service with this information, forming strategy which is focused on customer.

Managers should spend time thinking about customer relations as well as quality, performance and financing. They should know that charge of bad attitude will be paid by the facility and training should be given to staff about this issue.

Keeping already existing customers prevents waste of time and lowers the cost. For this reason trust of customers should not be abused. A customer-centred organization keeps loyal customers. For this, strong customer relations are required.

Adoption of company culture in global norms strengthens customer relation activities. For this reason hotels should improve human resources and adopt management style in which entrepreneurship and creativity are encouraged. This management style should also consider customer satisfaction.

As a conclusion, it has been determined that hotels with good customer relations have much better performance criteria than those who do not have good relations. Accordingly it is justifiable that hotels should concentrate on customer relations activities to deal with their increasing rivals.

References

- ALTINTAŞ, M. Hakan. (2000) **Tüketici Davranışları “Müşteri Tatmininden Müşteri Değerine”**, Alfa Yayınları, İstanbul, Kasım.
- BARSKY, Jonathan. D. & LABAGH, Richard. (1992) “A Strategy for Customer Satisfaction”. **The Cornell Hotel and Restaurant Administration Quarterly**, October.
- CADOTTE, Ernest. R. & TURGEON, Normand. (1988) “Key Factors in Guest Satisfaction”. **The Cornell Hotel and Restaurant Administration Quarterly**, February.
- ÇAKICI, Celil. (1998) “Otel İşletmeciliğinde Müşteri Tatmin Düzeylerinin Değerlendirme Formları Kullanarak Belirlenmesi”. **Anatolia Turizm Araştırmaları Dergisi**. Yıl:9, İstanbul, Eylül-Aralık.
- DUBOFF, Robert & SPAETH, Jim. (2001) **Geleceği Görmek – Pazarlama Araştırmasının Gücü**, (Çeviri: Haluk Değirmenci), Mediacat Kitapları, Ankara,.
- GEL, Oğuz.C. (2002) **CRM Yolculuğu**, Sistem Yayıncılık, İstanbul.
- KAPLAN, Robert. S. & NORTON, David. P. (1999) **Balanced Scorecard, Şirket Stratejisini Eyleme Dönüştürmek**, Sistem Yayıncılık, İstanbul.
- KARPAT, Işıl. (1998) “Müşteri Tatmininin Sağlanması”, **Pazarlama Dünyası Dergisi**, Yıl:12, Sayı:71, Eylül-Ekim.
- KOTLER, Philip. (2001) **Kotler ve Pazarlama**, (Çeviri: Ayşe Özyağcılar), Sistem Yayıncılık, İstanbul.
- KOVANCI, Ahmet. (2001) **Toplam Kalite Yönetimi**, Sistem Yayıncılık, İstanbul,.
- LEWIS, Robert.C. (1986) “The Meaning of Marketing Mentality”, **The Cornell Hotel and Restaurant Administration Quarterly**, February.
- MADDOX, Neil. R. (1989) “Turizmde Tatmin Olma Düzeyinin Ölçülmesi”, Turizmde Seçme Makaleler: 15, **Turizm Geliştirme ve Eğitim Vakfı Yayını**, No:8, İstanbul, Mayıs.
- ÖÇER, Abdullah. & BAYUK, Nedim. (2001) “Müşteri Memnuniyeti”, **Pazarlama Dünyası Dergisi**, Yıl:15, Sayı:16, Mart-Nisan.
- YÜKSEL, Atila. & RIMMINGTON, Mike. (1998) “Customer Satisfaction Measurement”, **The Cornell Hotel and Restaurant Administration Quarterly**, December.