Perceived Value and Customers Satisfaction in Hotel Industry: A Systematic Conceptual Model

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Abstract— the hospitality industry is a service industry that is engaged in the provision of accommodation and lodging. The increasing number of businesses in the hospitality led to business competition between companies is getting tougher, so the management should concentrate on retaining existing customers by implementing effective policies of satisfaction and customer value. A management approach focused on value customers can improve customer satisfaction, thereby enhancing the positive image of the hotel and the intensity of a customer revisit intention. The purpose of this paper is to propose a conceptual model for a new perspective on customer satisfaction and customer value as well as the dimensions that influence them. A qualitative approach used in this research by organizing the flow of synthesis of previous research studies and key individuals within it. This study provides a comprehensive framework for future studies to the dimensions of satisfaction and customer value.

Keywords—customer satisfaction; hotel industry; perceived value.

I. INTRODUCTION

The tourism sector is closely related with the hotel industry, whereas the growth of hotel industry cannot be separated from the development of tourism industry, and vice versa. The hotel industry is a service industry which provides lodging and accommodation. The rapid development of this industry has cause an intense competition in attracting the guests to stay and use all facilitations of the hotels. The First reference stated that tourism is the key recourses for many countries in the world, the landmark of modern civilization, the progress of a country, the criteria for society's wealth, and part of contemporary culture [1]. The second reference stated that tourism influence culture the most, also social and economy with an estimated income of billion dollars and millions of tourists. Thus, many countries rely on tourism as their promising resources of the Gross Domestic Product (GDP) [2].

The research about the theory of customer perceived value is gradually becoming an important issue in tourism research, playing an important role in enhancing the competitiveness of tourism companies, and promoting sustainable development of tourism industry [15].

The customer value enhancement can foster customer loyalty in restaurants to achieve the operational purposes [19]. Customer satisfaction is the result of customer perception from accepted value in a transaction or a relationship [6] [14] [42]. Identification of customer value is needed to achieve customer satisfaction. The service quality and customer satisfaction are important factors in every business success [13] [23]. Reference [36] shows that companies exist because they have customers to be served. The key to continuous profits lie on the high quality service which resulted in satisfied customers [30]. Hotels increased their investment by improving the service quality and customer value to achieve customer satisfaction and lead to a better relationship with every customer [16].

Academic literatures related to customer experience management in hotel industry is still limited, therefore it becomes an interesting domain for further research. The purpose of this paper was to propose a conseptual model based on theories which functions as a stimulus and a basis for future research. In this research the management sides are assumed have executed a good customer experience management program. Understanding and fulfilling the customer needs are very important and give bigger benefits compared to management who fails to understand and satisfy customers [4]. Managing customer satisfaction is essential to maintain customers by implementing programs and effective policies of customer value and customer satisfaction, especially in hotel industry. This research uses consumer point of view or perceived value to hotel businesses such as, emotional value, social value, quality/performance value, and price/value for money. Perceived value of consumers is affecting the customer satisfaction. This research is expected to be used by Hospitality or Hotels developer to form strategies achieving better results in businesses.

II. HOTEL MARKETING

Hotel is a business that operates in the service industry. The word hotel is taken from a Greek language. Hosteis means giving shelter to visitors who will give rewards or compensations to the owners. According to The American Hotel and Motel Association (AHMA) as quoted by Steadmon and Kasavana : Hotel can be

defined as an establishment managed commercially by giving accommodation facility for public which comprises food and beverage service facility, room service, luggage service, laundry, other facilities aside from the furniture and decorations to enjoy.

Hotel service marketing is consisted of several activities to attract potential customers and to motivate them in buying hotel products and services. According to reference [29], hotel marketing is activities which use strategies and tactics planned in such ways to deliver a "story" about a service from the hotel by giving stimuli to the guests so they would choose this message compared to other choices from the competitors. Another definition is from reference [18] that gives limitations of hotel marketing which is knowledge to please the guests and from that activity, the hotel would gain profits. Thus, Kotler mentioned it as sensitive serving and satisfying the human need [39]. Reference [21] stated from the service industry point of view, marketing can be defined as processing food, beverage, and hotel accommodation into a demanded product by adding value through service and presentation [39].

III. PERCEIVED VALUE

The concept of customer perceived value gives the description of customers considering what they want and also their beliefs that they will gain benefits from a product or a service [38]. Hierarchy and dynamics are two important characters from the perceived values by customers, which are divided into 3 levels that interact to one another – property value, result value, and target value. According to reference [40], customer perceived value is the customer overall valuation based on perception about what is received and given. Customer perceived value is the customer perceived quality adjusted with the relative price of a product produced by a company [32].

Customer's perceived value can form an emotional bons between customers and producers after customers use a product or a service with added value [7].

A similar theory is stated by reference [27] that customer perceived value is the customer perceived quality adjusted with the relative price of a product produced by a company. This indicates that emotional rapport between consumers and producers can create positive feedback for both sides.

Reference [31] stated the consumption values model, dividing the perceived value into functional value, social value, emotional value, cognitive and situational values. Based on this, reference [35], through research and analysis divides perceived value into four dimensions: utility/price, quality factor, emotional and social values. Reference [24] expresses that the five dimensions of perceived value are behavior, monetary price, emotional response, quality and reputation. Based on theory of reference [34], customer perceived value is divided into three dimensions: functional value, emotional and social values. Reference [37] divides customer value dimensions into functional value, emotional value, economy value, and sacrifice value. According to reference [34], in modeling and the study results show that customer perceived value positively significantly affecting customer interest in referring the company

product to friends, superiors, and strangers. The higher customer value degree resulted, the higher customer interest in referring company's product to other people [24]. When the components are integrated well, the higher customer value will impact to the increasing of customer satisfaction. Furthermore, customer satisfaction creates an integrated function and delivers something good through customer value. These function and support are based on the frame work built on rapport and interactions which are created from customer value understanding of what are the desire and hope of customers. Thus, a reliable strategy to win the competition can be obtained.

A. Emotional Value

Emotional value is a value coming from the ability of products and services to elicit positive feelings within consumers. Attributes of emotional value encompass the ability of products and services to elicit feelings of desire to consume a product or service to create joy or satisfaction in consumers. Emotional value will affect the consumer satisfaction because it is related to the ability of products and services to create joy for the users. The higher emotional value created, the higher customer satisfaction can be.

In hotel industry, emotional perceived value by customers is important to be managed considering the hotel is operating in service field. Several indicators to measure customer emotional value give product/service value by providing functions, benefits, and convenience. Other indicators are products/services provided to fulfill the customers' needs in order the customers feel fresh, joy, convenient, and secured.

B. Social Value

Social value is values obtained from the ability of products to increase consumer's social-self concept. Attributes from social value encompass the ability of products to elicit proud in consumers and the ability of products or services to elicit good impression in consumers. Social value has positive influence to customer satisfaction because it is related to the ability of products or services to increase consumer's social-self concept. The higher consumer's assessment from the social side to a product or a service, the higher satisfaction will be formed.

Social value is identical with the value given by hospitality businesses in impressing society to the consumer's social status. Hotels are competing to provide themed hotel concepts to give unique value and experiences to customers. Social value indicators in this research are feel acceptable, social approval, and good impression.

C. Quality/Performance Value

Quality/performance value is values obtained from customers' perceptions to quality and performance expected from a product or a service. Attributes of quality value encompass the benefits gained by consumers after consuming the product or service, and the service consistency from the company's employee. Quality/performance value gives huge contributions to

the formation of consumer satisfaction. The higher consumers' assessment to quality and performance of a product or a service, the higher the consumer's satisfaction can be.

Several indicators of quality/performance value are highly service staff, which means every staff is demanded to perform based on standars operational procedure, they are keeping the politeness, be responsive, and friendly. Other indicators are information service provided where customer can easily obtain information or report a complaint. Service consistency and service guarantee are also indicators which affect the formation of quality/performance value.

D. Price/Value for Money

Value for money is the value obtained from the product short term reduction cost and long term cost. Attributes of value for money encompass the cost comparisons of a product or a service with the similar product from the other company. This value will affect the consumer satisfaction very much because the consumers will compare the price with the benefits gained from the product or service. A reasonably good price with more benefits from a product or a service will form consumer's satisfaction, and vice versa.

Several indicators used are reasonably price, value for money, good product for the price, and service worthy.

IV. CUSTOMER SATISFACTION

Currently customer satisfaction is the focus of attention of every side, the government, business, customers, etc. This is caused by the better understanding of customer satisfaction concept as a strategy to win the competition in the business world. Hotel industry is one of industries that provide services. Customer satisfaction is an important matter for service providers, because customers will spread their satisfaction to potential customers, thus this will increase reputation of service providers. Reference [11] states that satisfaction is defined as a post consumption evaluation that the chosen alternative is at least fulfilling or exceeding hope. Reference [17] points out that customer satisfaction is customers' feeling level after comparing performance (results) to what they feel compared to their hopes. After reviewing several comprehensions above, it can be concluded that basically consumer satisfaction encompass expectations from the perceived results.

Reference study [20] states that satisfaction is the success key in the service industry. Customer satisfaction formed from customer point of view is able to give added value to service quality offered. According to reference [28], the most important aspect in service marketing strategy management is the customer satisfaction measurement. The company that cannot give expected customer satisfaction will be left by customers [10].

According to reference [41] there are four factors which affect perceptions and customer expectation, which are:

A. Word of Mouth

What is heard by the customer from the other customer *(word of mounth communication)*, is a situation where this is a potential factor which determines customer expectation. Customer satisfaction can result a referral or a positive mouth to mouth communication [14]. A positive mouth to mouth communication is effective enough in influencing potential customers; giving recommendation to other customers and even taking partners to enjoy the service so that will attract the partners interest to be the customers.

B. Customer Expectation

Customer Expectation is very depended on the individual characteristics in fulfilling personnel needs. The satisfied customers with a product or a service will possibly repeat purchase if they have the chance to buy [12]. Reference [5] states that satisfaction emerge from what is perceived/felt and what is expected by customer of the offered product/service by the company to customer value. This is supported by reference [8] that satisfaction is the embodiment of customer response to the experienced adjusment of actual performance of a product/service and customer expectation of a product/service/ To achieve the business purpose or the purpose of a company, a manager has to give the qualified or adequate service in order the customers feel satisfied [9].

C. Past Experience

Past experience in using service can also affect the level of customer expectation. The satisfied customers will pay more for the benefits they perceive the will possibly be tolerant to price increasing [3] [12]. Customer satisfaction reduces the cost in company future transactions and in handling complaints [13]. With the existence of satisfied customers, the company will receive less complaint and reduce the cost for handling complaints. Reference [33] widen the model reference [22] about satisfaction, which is an affective statement of emotional reaction to an experience of a product or a service which influenced by product customer affection. The customer satisfaction is part of customer experience to main effect and satisfaction enhancement supposedly will reduce customer complaints and increase customer loyalty.

D. External Communication

External communication from service provider plays a key role in forming the customer expectation. Based on external communication, the service provider companies can give messages directly or indirectly to their customers. Communication channels are strategy factors that should be the focus of hotel industry. The communication channel is related to interactions between hotel management and customers. The advance technology currently is influencing to the trend and society's life style, thus, the hotel management has to follow the dynamic changes. One of them is social media such as Facebook, Twitter, Instagram, etc. The hotel management can make an official account and interact directly with customers. Other than that, platform mobile application nowadays can be used as communication means and also to give easy access for customers in obtaining information and services from the hotel.

V. Methodology

The method used is a qualitative approach with a review of previous research synthesis flow holistically. This study develops a conceptual model that covers the entire dynamic component of customer satisfaction and perceived value. Our models suggest that the effects of the determinant factors of perceived value and customer satisfaction is considered by the customer experience. Perceived value aspects consist of emotional value, social value, quality / performance value, and price / value per money. While aspects of customer satisfaction consisted of word of mouth, customer expectation, past experience, and external communication. To test the validity of the conceptual model proposed, the triangulation method approach is done by observation of the service process in a few hotels in Bandung Indonesia within a certain time period, and a semi-structured interview to several hotel managers.

VI. Conceptual Model

Figure 1 present the conceptual model for this research. Based on this model, the theory frame work has been determined and supported by empirical literatures. Empirical literatures provide the measurement for the proposed model. The value experienced by customer item has been developed by reference [26]. While for customer satisfaction, the indicators are sourced to reference [41], where these items used are based on the observation result and literature reviews. This paper will discuss about the customer value and customer satisfaction, build the conceptual model with the antecedents as strategy factors to create customer satisfaction.

This research considers the management side has been executed customer experience management program very well. Thus, four factors have been identified, that determine perceived value by customer, which are emotional value, social value, quality/performance value, and price/value for money. Also, this paper identifies the four factors that determine customer satisfaction which are word of mouth, customer expectation, past experience, and external communication.
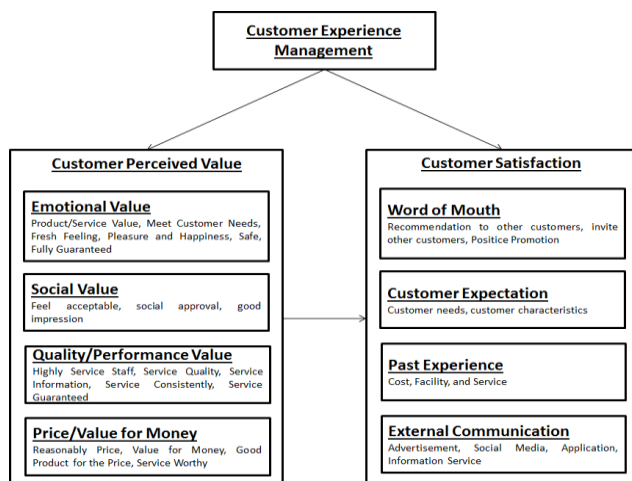

Figure 1. Conceptual Model

VII. Conclusion

The hotel industry is one of dynamics industries, thus causing intense competitions between companies. The purpose of this research is to give the understanding of customer satisfaction by examining literatures and determining consumer perception from customer value. The value leads to make consumers as company customers and with the higher level from customer value to become loyal customers. This paper contributes in research which is highlighting the antecedent customer perceived value dan customer satisfaction through an extensive review from the existed literatures. Antecedent perceived value which has been identified in this paper is emotional value, social value, past experience, and external communication. While antecedent for customer satisfaction are Word of Mouth, customer expectation, past experience, and external communication. Hotels that notice and implement this concept can create customer satisfaction and increase the consumer interest to visit back. This frame work can be used by managers and practitioners as a concept and measure customer experience. This research has a limitation that the developed conceptual model should be tested and confirmed empirically in order to give opportunities to future researches.

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