

# A Study on Hotel Perceived Value: Is There an Impact Towards Customer Loyalty?

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**Abstract**—Hotel concordia is one of the local three stars hotel (that) located in Bandung which (is) always strives to maintain and improve customers loyalty. The problems hotel Concordia encountered is what efforts that can be done to improve customers loyalty in Hotel Concordia by increasing customer perceived value including self-gratification, aesthetics, price, prestige, transaction, hedonics and quality. The purpose of this research is to determine the effect of customer perceived value toward customer loyalty in Hotel Concordia Bandung. The method used in this research is descriptive and verificative with explanatory survey method. The sample of this study were 112 guest members of Bumi Sangkuriang who stayed at Hotel Concordia and the sampling technique used is systematic random sampling. This research employed multiple regression for data analysis technique as well as hypothesis test. The result showed that the variable of customer perceived value contributed a significant impact on customer loyalty in Hotel Concordia. While the partial result showed five out of the seven dimensions; specifically, the self-gratification, aesthetics, price, transaction, and quality dimensions were then found to have a significant direct positive effect on customer loyalty. The result showed that there is an influence of customer perceived value towards customer loyalty.

**Keywords**—perceived value; customer loyalty; hotel concordia bandung.

## I. INTRODUCTION

Hospitality is evolving rapidly in big cities such as Bandung located in West Java. The number of hotels in Bandung are already too many while the demands are low. Hotels' occupancy in Bandung on average is about 40-45 percent. It's creating an unhealthy competition among the hotels. On the other hand, there is a duty of hospitality that is so high in the middle of a very low income. Demand for hotel rooms led to new hotel construction in Bandung which they are already experiencing a rapid development.

Each hotel strives to maintain its existency through numerous ways so they can compete with existing and new hotels and chain hotels. Hotel Concordia is one local chain hotels under the management of Bumi Sangkuriang located in

Ciumbuleuit where the hotel has its own uniqueness by creating the concept of heritage.

The problem Hotel Concordia encountered is what efforts can be done to improve customers loyalty in Hotel Concordia. The occupancy in Hotel Concordia is declining which means guest loyalty is decreasing.

The decrease in occupancy in Hotel Concordia can be seen by the number of guests staying, including individual guests, corporate guests, traveling guests, Government guests and Guest member. One of the guest staying is a guest member in Bumi Sangkuriang. To be a guest member, one must come more than once a year and stay in Hotel Concordia more than once. Bumi Sangkuriang's member dominates the segmentation.

Guest member dominate guests segmentation in Hotel Concordia. Guest segmentation is very important and a strategic assets into the company where the amount of a percentage of the member's guest guest more than travel agents. Guest member has a role which is important for the hotel and need to be treated carefully. It is aligned with the research that was done by [1] saying that maintaining customer loyalty is cheaper than looking for a new consumer.

Guest member has the largest percentage at segmentation, whereas the rate of occupancy of guest member who stay at Hotel Concordia are decreasing each year. This is an important and great concern to the hotel. The decreasing numbers can be seen in Bumi Sngkuriang's member bookings in Hotel Concordia. Decrease in the level of occupancy at Hotel Concordia indicates member loyalty showed a decline.

Guest loyalty is very important to the hotel because a loyal guest will come back and create a sustainable relationships between the hotels and the customers. Loyalty program consists of the usual marketing strategy practiced for sustained customer relations and generate business return [2]. Loyalty in the hospitality industry can be affected by the level of intensity of the customers in conducting a visit with how customers recommend to the others [3].

To overcome the low guest members loyalty experienced by the Hotel Concordia, the management team needs to increase the loyalty of the member itself. One of the effort made to increase the number of members, the Hotel Concordia needs to consider customer perceived value. The purpose of creating customer perceived value is to create value to improve customer satisfaction, enhance customer loyalty, and increase revenue from existing customers to face high rates of competition with other hotels.

According to the journal "A Mediating Influence on Customer Loyalty: The Role of Perceived Value", one of the successful marketing strategy is a competitive market to increase customer loyalty to create value for the consumer. The guest can feel the difference between the value of the benefit they get and the cost they spent. Where in giving experience to guests, Hotel Concordia should be able to understand and meet the needs of consumers. From the description above, it is assumed that the customer perceived value is expected to give a positive impact to increase loyalty in the hotel industry. Based on the background, the authors need to do some research to find out "the effect of Customer Perceived Quality towards Customer Loyalty in the Hotel Concordia Bandung".

## II. LITERATURE REVIEW

Hospitality and tourism is a process by which companies create value for customers and the community, so that the customer relationship is strong and is able to capture value from customers in return. Tourism of marketing concepts, stated that the marketing is the process by which companies create value for customers and communities, so that strong customer relationships into the description value from customers in return [4].

[5] defined that "Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others." Marketing is a societal process of individuals and groups obtain what they need and want through the creation, offering, and freely exchanging products and services of value with others

According to [6], marketing strategy is the marketing logic where the company hopes to create value for customers and achieve a profitable relationship for customers. Value creation is divided into three phases that are described by [7] the three phases are:

1. Choose the value, marketers must determine which segments of the market, choosing the right targets and mengembngkan the right positioning value to consumers. Formula for STP (Segmenting, Targeting and Positioning) was at the core of marketing strategies.
2. Provide value, marketers must specify the product benefits, pricing and distribution of a product or service is good.

3. Communicate value, with using sales force, internet, advertising and other communication tools to promote the products or services offered.

Companies need to understand or analyze the needs and wants of customers that can create value and build long-term relationships. Studies conducted by Choi and Chu in [8] stated that to be successful in the hospitality industry, service providers must deliver superior customer value, and this should be done continuously and efficient

Customer Perceived Value is one form of marketing activities that have a significant role in creating value for the customers. According to [7] who said that the customer perceived value is the difference between benefits and costs are evaluated for the prospect of an offer and accepted alternatives. purchase decision is purchase of products purchased goods or services. Customer perceived value started to be a strategy for building engagement with the most cherished guests while simultaneously getting a larger part of the business member. Meanwhile, according to Mohammed Ismail customer perceived value in the context of the hotel as the multidimensional construction which consists of dimensions more than just price and quality [9]. A measure of the value of the purchase must be greater than just a functional utility.

According to [9] conceptualized the dimensions of customer perceived value in the hotel industry as multidimensional constructs consisting of the self-gratification value of hotels is defined as the hotel guest's mood improvement and ability to relax with reduced tension and stress as a result of being in the hotel and using its facilities [10]–[12]. Aesthetic value and the pleasure in it indicate the guest's perception of and reaction to the ambience, architecture, interiors, and visual displays of the services cape [13]. As regards the price value, it is defined as the utility derived from the hotel due to a reduction of its costs [14] and from obtaining accommodation, food and beverages, and other hotel services at reasonable prices. As for the prestige value of the hotel, it refers to the high status and feeling of belonging to a higher social class that a guest gets as a result of patronising a certain hotel [15]. Regarding the transaction value, it is defined as the exhilaration gained from getting a good deal [10], [16] such as getting discounted or special rates for hotel rooms and restaurants. With regard to the hedonic value, it is the fun and enjoyment that a hotel guest gains from the hospitality experience [16]. Finally, quality value is the utility derived from the reliability and superiority of the service performance [14].

Increasing customer perceived value can cultivate customer loyalty and can help achieve the goal of operation. This will bring more profit for the business long term offender and will reduce competition [17]. The company engaged in the service industry such as hotels, must be able to provide superior customer value as a strategy and an important factor to attract and sustain customers to be loyal to the hotel. The concept of customer loyalty and creating loyal customers in a

business context is to engage in transactions with corporate customers, and purchase goods and services that is often portrayed, that loyalty occurs when customers feel a company can meet the needs of customers with good [18].

Perceived value customers have long had a positive influence in customer loyalty for most companies, a report issued because of the costs to acquire new customers is bigger than the sustain relationships with customers [19].

Customer loyalty is a commitment to purchase a regular birthday against a product or service on the other time. Loyalty indicators used in this study is the one expressed by [20] which are word of mouth communication, repurchase intention insensivity, price, and complaint behavior. Based on the above exposure, the researchers posited the hypothesis that “customer perceived value influenced customer loyalty in Concordia Hotel Bandung”.

### III. METHOD

This study analyze how customer perceived value can give an impact toward customer loyalty of guest member of Bumi Sangkuriang who stayed in Hotel Concordia. The research consists of two variables, there are variable X, and variable Y. As for that being independent variable is the customer perceived value consists of seven dimensions that is self gratification, aesthetics, price, prestige, transaction, hedonics – and quality. While the dependent variable is customer loyalty consists of four indicators that is word of mouth communication, repurchase intention insensivity, price, and complaint behavior.

Respondents of this study are guests member of Bumi Sangkuriang who stayed at Hotel Concordia. This research was conducted in less than one year, therefore the research method used was cross sectional study.

Based on the variables studied, the method of this research used is descriptive and verificative research. The research method used is explanatory survey method.

The population in this research is guests member of Bumi Sangkuriang who stayed at Hotel Concordia. This research used a sample of 112 respondents and are calculated by using the formula by [21]. Sample technique used in this research is the systematic random sampling technique.

Based on the data sources listed, the types of data collected in this study are primary and secondary data. Data collection techniques used in this study were interviews, observations, questionnaires and literature studies

The results of tests performed include test validity and reliability. They consist of 23 questions for variable customer perceived value and 8 questions for customer loyalty. These variable must be declared valid so they can be used as a correct measurement tool.

The data analysis technique used in this study is multiple linear regression. The variables analyzed are independent

variable (X), which is customer perceived value. While the dependent variable (Y) is the customer loyalty. Multiple regression equations are formulated as follows [21] :

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7$$

Information:

Y = Customer Loyalty

a = Constant Value

b =Number of direction or regression coefficient

X = Subjects on independent variable that have a certain value.

X<sub>1</sub>(self gratification), X<sub>2</sub>(aesthetics), X<sub>3</sub>(Price), X<sub>4</sub>(prestige), X<sub>5</sub>(transaction), X<sub>6</sub>(hedonics), dan X<sub>7</sub>(Quality) are the casual variables.

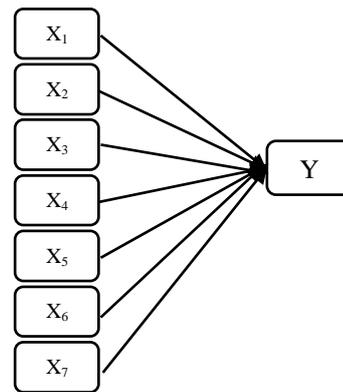


Fig. 1. Multiple linear regression

Information:

X<sub>1</sub>= Self Gratification

X<sub>2</sub>= Aesthetics

X<sub>3</sub>= Price

X<sub>4</sub>= Prestige

X<sub>5</sub>= Transaction

X<sub>6</sub>= Hedonics

X<sub>7</sub>= Quality

Y= Customer Loyalty

The design of testing hypotheses in this study as follows:

#### 1. Simultaneously

- a. H<sub>0</sub> : ρ = 0, means there is no significant impact between E-Commerce towards decision to purchase a tour package in India Professionals Travel
- b. H<sub>1</sub> : ρ ≠ 0, means there is significant impact between E-Commerce towards decision to purchase a tour package in India Professionals Travel

Regression coefficients have a significant effect if α ≤ 0.05.

The decision making criteria for the proposed hypothesis are:

- a. If f<sub>count</sub> > f<sub>table</sub>, then H<sub>0</sub> rejected, means X has an impact towards Y
- b. If f<sub>count</sub> < f<sub>table</sub>, then H<sub>0</sub> accepted, means X has no impact towards Y

## 2. Partially

- a. H<sub>0</sub> : it means there is no significant impact on self-gratification towards customer loyalty.  
H<sub>1</sub> : it means there is significant impact on self-gratification towards customer loyalty.
- b. H<sub>0</sub> : it means there is no significant impact on aesthetics towards customer loyalty.  
H<sub>1</sub> : it means there is significant impact on aesthetics towards customer loyalty.
- c. H<sub>0</sub> : it means there is no significant impact on site price towards customer loyalty.  
H<sub>1</sub> : it means there is significant impact on site price towards customer loyalty.
- d. H<sub>0</sub> : it means there is no significant impact on prestige towards customer loyalty  
H<sub>1</sub> : it means there is significant impact on prestige towards customer loyalty
- e. H<sub>0</sub> : it means there is no significant impact on transaction towards customer loyalty  
H<sub>1</sub> : it means there is significant impact on transaction towards customer loyalty.
- f. H<sub>0</sub> : it means there is no significant impact on s hedonics towards customer loyalty.  
H<sub>1</sub> : it means there is significant impact on hedonics towards customer loyalty.
- g. H<sub>0</sub> : it means there is no significant impact on quality towards customer loyalty  
H<sub>1</sub> : it means there is significant impact on quality towards customer loyalty.

The decision-making criteria for the proposed hypothesis are:

- a. Reject H<sub>0</sub> if  $t_{count} \geq t_{table}$
- b. Accept H<sub>0</sub> if  $t_{count} < t_{table}$

## IV. RESEARCH RESULTS AND DISCUSSION

Based on the research results of the questionnaires dissemination to member guests of Bumi Sangkuriang who stayed at Hotel Concordia which are 112 respondents, it is discovered that customer perceived value in the Concordia Hotel Bandung gets a 9,219 total score and classified as high and lies in the interval 2,576 – 10,820. The best response from the respondent that is on the dimension of the transaction with the median score – mean of 16.2% percentage with 462. These results prove that self-gratification, aesthetics, price, prestige, transaction, hedonics – and quality are in a good position and should be maintained and further improved.

Strengthen the revelation of [9] that the self-gratification is one of the important factor that can affect customer loyalty. Dimensions with average score – average low is the prestige

with a total of 329.8 and percentage of 11.5%. It shows that not all guests member of Bumi Sangkuriang do not felt their social status is higher when they stay at the Hotel Concordia.

Research results from the dissemination of questionnaires to guests member of Bumi Sangkuriang staying at Hotel Concordia to 112 respondents, note that customer loyalty in the Concordia Hotel Bandung reach a high score and crusts 3,160 lies on interval 896 – 3,763.2. On this variable, one of the indicator which is word of mouth communication has the same response – just as well, with the median earnings – average score of 410.7 26.70% percentage as well. This is due to the Concordia Hotel successfully creates customer perceived value in the process of a guests member making a purchase and use the products and services offered. Although Hotel Concordia still need to do some improvement as explained previously, customer perceived value created in the process of a guests member buying and using products and services offered by Hotel Concordia has been able to create loyalty of the Bumi Sangkuriang member guests staying at Hotel Concordia. In line with the opinion of the [23] that the key to generate high customer loyalty is by creating a high customer value.

Hypothesis testing of the acquired result of the influence of customer perceived value against customer loyalty in the Concordia Hotel Bandung simultaneously have total influence of 0.704 or 70.4% against variable customer loyalty, while 29.6% is the contribution of other factors – factors that are not examined in this study. Partially, there are five of the seven dimensions of customer perceived value which have significant influence towards customer loyalty, Guests member Bumi Sangkuriang staying at Hotel Concordia. I.e. dimension, self-gratification, aesthetics, price, transaction and quality.

## V. CONCLUSION AND RECOMMENDATION

### A. Conclusion

1. An overview of customer perceived value in Hotel Concordia shows that among the seven existing dimensions, transaction have the highest value, whereas prestige has the lowest value.
2. An overview of customer loyalty, which consists of word of mouth communications, repurchase intention insentivity, price, and complaint behavior are on top category (good) where among the four indicators, word of mouth communication has the highest value while complaint behavior has the lowest value.

### B. Recommendation

1. The research of customer perceived value in the Concordia Hotel Bandung, the variables that have the lowest valuation compared with the other dimension is the dimension of the prestige based on the indicator the statement "I do not feel my social status is higher when I stay at Hotel Concordia." Also, to increase the hotel's prestige, the hotel should increase awareness, brand reputation or brand image. One of them is by continuing to embed the good image. Hotel Concordia also need to

maintain and improve their products or services in accordance with standard operational procedure. This can improve the hotel image and creates the value received by the customers to give a high prestige for the member guest.

2. To increase customers loyalty. The guest who is already member of Bumi Sangkuriang staying at hotel Concordia through the application of customer perceived value, hotel Concordia is expected to improve and develop customer perceived value as one of the a good marketing strategy. This can be done by providing services that can satisfy guest member thus creating a positive value that can be enjoyed for members by developing a product, service, or program so that it creates a different experience when they stay. About Guest member responses against loyalty in Hotel Concordia, indicators complaint behavior has the lowest score with a statement item: i.e. willingness to keep coming to back stay at Hotel Concordia once/if/once got a problem with the hotel. Hotel Concordia needs to do a persuasive approach and do regular training for all employees of the hotel so they can increase their product knowledge, language, attitude, good service and quick response to the needs or the wishes of the guests and their complaint. Members can also provide troubles or difficulties they experienced when staying at the hotel so that it can be evaluated and fixed to improve the employee's services and the hotel's quality.
3. Based on this research, customer perceived value gets a high assessment of the Bumi Sangkuriang guests member staying at Hotel Concordia. Therefore, Hotel Concordia is expected to maintain and increase customer perceived value. In addition, increasing customer loyalty can be balanced by giving good service and always keep the expected standard operational procedure (SOP) and principles of service set by the hotel.
4. Simultaneously, customer perceived value has a positive influence toward customer loyalty while partially containing five out of seven dimensions namely: self-gratification, aesthetics, price, transaction and quality. Customer perceived value has significant influence towards customer loyalty which is the guest member of the Bumi Sangkuriang staying at Hotel Concordia Bandung.

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