

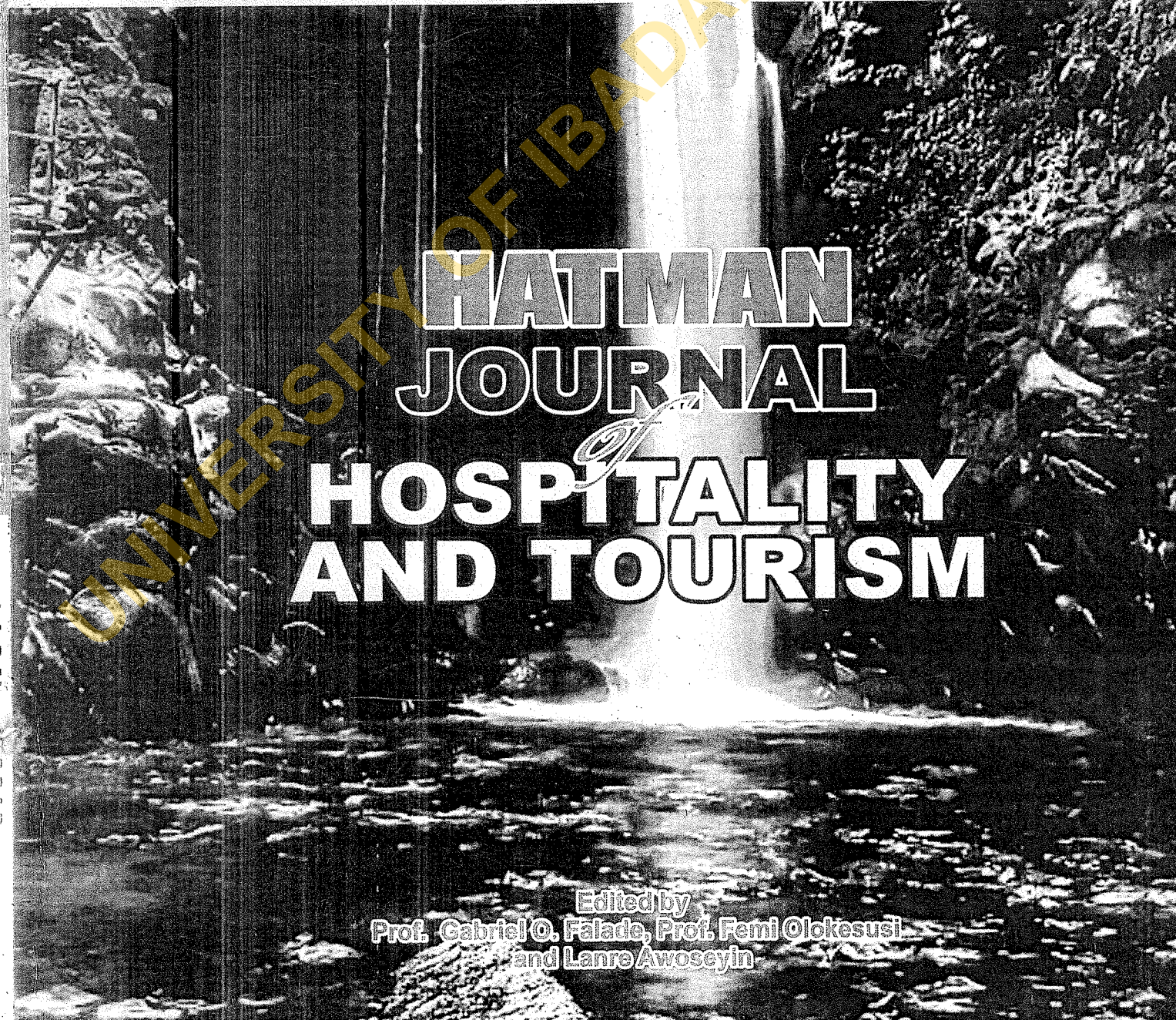


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# HATMAN JOURNAL HOSPITALITY AND TOURISM

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## PERCEPTION AND CUSTOMER LOYALTY IN HOTELS WITHIN IBADAN METROPOLIS, IBADAN, OYO STATE.

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### ABSTRACT

This research was carried out to assess the effect of perception on customer's loyalty in hotels within Ibadan Metropolis. Random sampling was used to sample 150 respondents from the hotels in Ibadan. Data were analyzed using descriptive and inferential statistics. Overall perception towards tangibility was ranked at the strongly agree level (4.24), overall perception towards reliability was ranked at the strongly agree level (4.22), overall perception towards responsiveness dimension was at the strongly agree level (4.26), overall perception towards assurance dimension was ranked at the agree level (4.19), overall perception towards empathy dimension was ranked at the strongly agree level (4.29). There is also a significant relationship between customer perception, overall loyalty ( $r = 0.458, p < 0.01$ ), word of mouth ( $r = 0.858, p < 0.01$ ), repeat patronage ( $r = 0.813, p < 0.01$ ), price insensitivity ( $r = 0.460, p < 0.01$ ). The study has found that there is significant relationship between perception of service (tangibles, responsiveness, assurance, and empathy), word of mouth, repeat patronage and price insensitivity.

**Key words:** Perception, Loyalty, patronage, Service and Price

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### INTRODUCTION

The hospitality industry is one of the components in tourism which provide food, drink and accommodation to people who are away from home. Its segments include, among others: hotels, restaurants, private clubs, managed food service, event planning, tourism related businesses, and travel providers. More often than not, the product purchased is either intangible or the perceived quality of the product purchased is impacted by the service method in which it was received (Popova, 2012). The hospitality industry is complex. It covers a wide range of jobs, locations, activities, and economic brackets. Popova stated four sectors of the hospitality industry which include: food and beverage, lodging, recreation, and travel and tourism. The food and beverage industry, also known as the food service industry, consists of businesses that prepare food for customers (Popova, 2012). Lodging, also known as accommodation, is a place to sleep for one or more nights. A business in the lodging industry provides a place for people to sleep overnight. It can be one of many sleeping places such as a fancy hotel, a youth hostel, an elder hostel, a camp ground, or highway side motel (Popova, 2012). Recreation is any activity that people do for rest, relaxation, and enjoyment. The goal of recreation is to refresh a person's body and mind. Any business that provides an activity for rest, relaxation, and enjoyment in order to refresh a person's body and mind is in the recreation business. (Popova, 2012).

### Service quality

Kotler and Armstrong (2004) defined service as "any activity or benefit provided by one party to another party which is basically intangible and does not lead to any ownership". Lovelock, (2004) defined service as perceived benefit by senses, either alone, or associated with something tangible. Zeithmanl (2003) argues that services are acts, operations, achievements or actions therefore services include all economic activities that their outputs are not physical products. In general services are consumed at time of production and provide added value. With regard to service quality concept, it is determined by customer perception on how product satisfies the needs and in this context service quality has been defined as a standard level of service performance that matches with customers' expectations. Gronroos (1984) defined service quality as a result of evaluation process made by the customer between his expectations and actual perceived service.

Various studies have examined the relationship between service quality and customer preference loyalty. For example in focusing on repurchase intentions as a measure of loyalty, Cronin and Taylor (1994) observed that service quality does not have a significant (positive effect on repurchase intentions (in contrast to the significant positive impact of satisfaction on repurchase intention). However, Boulding et al., (1993), focusing on the elements of repurchasing as well as the willingness to recommend as measures of customer loyalty, found positive relationships between service quality and repurchase intentions and willingness to recommend. Nevertheless, some customers may remain loyal due to

high switching barriers or the lack of real substitutes, while others will continue to be loyal because they are satisfied with the services provided (Lam and Burton, 2006). Service providers must avoid being complacent since retained customers may not always be the satisfied ones and similarly not all satisfied customers may always be retained. This is because service quality has been found to relate to behavioral outcomes, especially in the form of word-of-mouth, complaint, recommendation and switching (Al-Rousan *et al.*, 2010)

Customer satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver, 1980). As Kotler (2004) defined that satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation. Additionally, Yilmaz (2009) also stated that customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service.

Parasuraman *et al.*, (1985) defined service quality in ten (10) major dimensions that consumers use in forming expectations and perceptions of services. In later research, Parasuraman *et al.*, (1988) revised the service quality into five dimensions — reliability, responsiveness, assurance, empathy, and tangibles.

The SERVQUAL is popularly used by many studies of service quality. It is a multiple-item scale developed to measure service quality by computing the differences between consumers' desired expectations and their perceptions of a firm's performance. The instrument has been designed to be applicable across a broad spectrum of services.

(Hwang *et al.*, 2003; Babakus & Mangold, 1992) stated that SERVQUAL has served as the basis for measuring service quality in higher education institutions, retail apparel specialty stores, health club, hospital, hotels, travel and tourism, telephone-company, insurance companies. Wong *et al.*, 1999 however have applied modified versions of SERVQUAL to measure service quality in the hospitality industry.

Servqual attributes as defined by Parasuraman *et al.*, 1988 include: (i) Tangibles which is defined as personal appearance, physical facilities like store decorations, display and equipment. It refers to the shoes, interior, the appearance and condition of the shelf space, uniform of the staff, the appearance and design of the brochure, the store's sign and its advertisements (Zeithamal *et al.*, 2006). (ii) Reliability which also is the ability of a firm to perform the promised service dependably and accurately. (iii) Empathy is also defined as the firms personalized attention for their customers and for giving them care and assistance. (iv) Responsiveness is the employees express willingness to help customers and provide quick service and (v) Assurance which is the ability to inspire trust and confidence from customers.

Dauda *et al.*, 2013 stated that satisfaction of customers with products and services of a company is considered as most important factor leading toward competitiveness and success. Customer satisfaction is actually how customer evaluates the on-going performance of a firm, therefore a firm should concentrate on the improvement of Service Quality and charge appropriate fair price in order to satisfy their customers who would ultimately help the firm to retain its customers. Service dissatisfaction is a problem faced by customer when it comes to loyalty. Dissatisfaction can be as a result of service provider not meeting up to their customer's expectation. It can also be as result of not knowing service quality dimensions that impact customer satisfaction. The need for customer retention stems from the fact that the cost of attracting a new customer substantially exceeds the cost of retaining a present customer. In addition, hotels cannot afford to lose customers who have the potential to become public relation makers for hotels through positive word-of-mouth by referring others to use the hotel's products and services (Magnini and Ford, 2004). This study was therefore undertaken to determine the effect of customer perception on customer loyalty.

#### Materials and Methods

The study was carried out in hotels within Ibadan metropolis, Oyo State. Ibadan is made up of 11 Local Government Areas, consisting of five urban local governments in the city, six semi-urban local government areas in fewer cities. The five urban local governments are Ibadan North, Ibadan North-East, Ibadan North-West, Ibadan South-west, and Ibadan South-East while the six semi-urban local governments are Akinyele, Egbeda, Ido, Lagelu, Ona-Ara and Oluyole.

Randomized sampling technique was used to select four local government out of the 11 Local Government Areas in Ibadan. These include, Ibadan South-West, Ibadan North, Ibadan South-East and Ibadan North-East Local Government. Convenience sampling technique was then used to select 13 hotels from the Local Government chosen. The selection of hotels in each local government was determined by their willingness to partake in the research. The hotels include: Wallan Hotel, Le Maison Hotel, Travel house Hotel, Sylvia palace, Capital Inn, Majereita Hotel, Super K Hotel, Carlton Hotel, Carlton gate Hotel, UI Hotel, Owu Crown Hotel, Plastow Hotel and High Rock Hotel. Questionnaires were then administered to the customers in each hotels.

#### Results

The result of Tangibles attribute towards Customer Perception is shown in table 1 below, with the following tangible item: The hotel has attractive facilities, they provide good and enough materials (soap, shampoo, towel etc.), Hotel staffs appear neat and tidy (uniforms and personal grooming) having a mean score of 4.22, 4.23, and 4.27 respectively.

**Table 1: Customer Perception toward Tangibles**

Tangible items	Level of perception		
	Mean	S.D	Level
The hotel has attractive facilities.	4.22	0.801	Strongly agree
They provide good and enough materials (soap, shampoo, towel etc.).	4.23	0.772	Strongly agree
Hotel staff appear neat and tidy (uniforms and personal grooming).	4.27	0.882	Strongly agree
<b>Overall mean score</b>	<b>4.24</b>	<b>0.752</b>	<b>Strongly agree</b>

Source: Field survey, 2018

The perception of customers towards Reliability items include the following, Hotel staff provide consistent services (providing the same services and associated materials every time), Hotel staffs keep accurate records (reservations, guest records, bills, orders, etc.) and Hotel staff perform services adequately have a mean score of 4.17, 4.26 and 4.22 respectively. Details are shown in Table 2.

**Table 2: Customer Perception toward Reliability**

Reliability items	Level of Perception		
	Mean	S.D	Level
Hotel staff provide consistent services (providing the same services and associated materials every time).	4.17	0.746	Agree
Hotel staff keeps accurate records (reservations, guest records, bills, orders, etc.).	4.26	0.789	Strongly agree
Hotel staff perform services adequately.	4.22	0.785	Strongly agree
<b>Overall mean score</b>	<b>4.22</b>	<b>0.773</b>	<b>Strongly agree</b>

Source: Field survey, 2018

Table 3 shows the result of customer's perception towards Responsiveness. Hotel staff are always willing to serve customers having a mean score of 4.25, Hotel staff are always available when needed having a mean score of 4.33 and Hotel staff are always available when needed having a mean score of 4.19.

**Table 3: Customer Perception toward Responsiveness**

Responsiveness items	Level of Perception		
	Mean	S.D	Level
Hotel staff are always willing to serve customers.	4.25	0.779	Strongly agree
Hotel staff are always available when needed.	4.33	0.748	Strongly agree
Hotel staff provide services on time.	4.19	0.798	Agree
<b>Overall mean score</b>	<b>4.25</b>	<b>0.775</b>	<b>Strongly agree</b>

Source: Field survey, 2018

The result of Assurance attributes towards Customer Perception is shown in table 4 below, with the following

assurance item: Hotel staff provide information and assistance to guests in areas they may require help (shopping, museums, places of interest, etc.), Hotel staff have in-depth occupational knowledge (professional skills, foreign language, communication skills, etc.), Hotel staff makes guest confident having a mean score of 4.19, 4.14 and 4.23 respectively.

**Table 4: Customer Perception toward Assurance**

Assurance items	Level of Perception		
	Mean	S.D	Level
Hotel staff provide information and assistance to guests in areas they may require help (shopping, museums, places of interest, etc.).	4.19	0.880	Agree
Hotel staff have in-depth occupational knowledge (professional skills, foreign language, communication skills, etc.).	4.14	0.851	Agree
Hotel staff makes guest confident.	4.23	0.770	Strongly agree
<b>Overall mean score</b>	<b>4.19</b>	<b>0.834</b>	<b>Agree</b>

Source: Field survey, 2018

Empathy items which include: Hotel staff makes guest feel important by giving them special attention, Hotel staff understand the request made by guests and Hotel staff attend to guests according to their demands have a perception mean score of 4.27, 4.29 and 4.33 respectively. Details are shown in table 5.

**Table 5: Customer Perception toward Empathy**

Empathy items	Level of Perception		
	Mean	S.D	Level
Hotel staff makes guest feel important by giving them special attention.	4.27	0.825	Strongly agree
Hotel staff understand the request made by guests.	4.29	0.766	Strongly agree
Hotel staff attend to guests according to their demands.	4.33	0.807	Strongly agree
<b>Overall mean score</b>	<b>4.30</b>	<b>0.799</b>	<b>Strongly agree</b>

**Correlation analysis between customer perception and overall customer loyalty**

There is an overall statistical significant correlation between perceptions and overall loyalty ( $r = 0.458, p < 0.01$ ). Details are shown in table 6 below.

**Table 6: Correlation analysis between Customer perception and Overall customer loyalty**

	Perception
Overall loyalty Pearson Correlation	.458
Sig. (2-tailed)	.000

Note: significant at  $p < 0.01$

Source: Field survey, 2018

**Correlation analysis between customer perception and word of mouth**

There is a statistical significant correlation between perceptions and word of mouth ( $r = 0.858, p < 0.01$ ). Details are shown in table 7 below.

**Table 7: Correlation analysis between Customer perception and word of mouth**

	Perception
Word of mouth Pearson Correlation	.858
Sig. (2-tailed)	.000

Note: significant at  $p < 0.01$   
Source: Field survey, 2018

**Correlation analysis between customer perception and repeat patronage**

There is a statistical significant correlation between perceptions and repeat patronage ( $r = 0.813, p < 0.01$ ). Details are shown in table 8 below.

**Table 8: Correlation analysis between Customer perception and Repeat patronage**

	Perception
Repeat patronage Pearson Correlation	.813
Sig. (2-tailed)	.000

Note: significant at  $p < 0.01$   
Source: Field survey, 2018

**Correlation analysis between customer perception and price insensitivity**

There is a statistical significant correlation between perceptions and repeat patronage ( $r = 0.460, p < 0.01$ ). Details are shown in table 9 below.

**Table 9: Correlation analysis between Customer perception and Price insensitivity**

	Perception
Price insensitivity Pearson Correlation	.460
Sig. (2-tailed)	.000

Note: significant at  $p < 0.01$   
Source: Field survey, 2018

**Discussion**

The overall perception towards tangibility is at the strongly agree level 4.24, customers perceived cleanliness of uniform and appearance of staff the highest at 4.27, this implies that when staffs are well dressed, wear smart uniforms, their appearance impresses customers who feel more confident with hotel services (table 1). Customers overall perception towards reliability is at the strongly agree level 4.22, with staffs keeping accurate records (reservations, guest records, bills, orders) receiving the highest score 4.26 (table 2). Likewise the overall perception of customers towards responsiveness is at strongly agree level 4.26 and hotel staff being available always when needed received the highest ranking at 4.23. It is highly possible that customers are

satisfied when hotel staff are available always (table 3). Customers receive overall perception towards assurance at the agree level 4.19, with hotel staff makes guest confident being the most important factor (table 4). Lastly the overall perception of customers towards empathy is at the strongly agree level 4.29, with hotel staff attending to guests according to their demands ranked the highest at 4.33 (table 5). The result indicated that customers' perception towards servqual attributes is positive and that they have received a very good service from the provider.

**Perception and Loyalty**

By employing correlation analysis, this research has found that there is a significant relationship between customer perception and customer loyalty towards Ibadan metropolitan hotels ( $p < 0.01$ ). The perception of customers also have a statistically significant correlation with word of mouth and repeat purchase and price insensitivity. Meaning that customers have the intension of choosing this hotel often in the future, and are also willing to recommend this hotel to their friends and family

**Conclusion**

The perception level of customers have an impact on customer loyalty, customers that receives high level of service are willing to remain loyal to such hotels. To achieve a competitive advantage in terms of assurance, it is recommended that hotels provide training to their staff particularly on product knowledge, foreign languages, and communication skills. This would empower their staff to gain a higher level of trust from the customers. In addition, the empathy dimension could be improved through training as well. By highlighting the importance of personalized services, the hotel staff will be able to provide customers with individualized attention that makes customers feel special.

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