Trust and Commitment as Mediating Variables in the Relationship Between Satisfaction and Hotel Guest Loyalty

Confianza y Compromiso como Variables Mediadoras en la Relación entre Satisfacción y Lealtad de los Clientes de los Hoteles

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ABSTRACT. Developing guest loyalty has become paramount for the hotel business, as many guests have reduced the size of their pockets, and others have increased their concerns for safety when travelling, including safety at hotels. This study aimed at explaining how hotel guests develop loyalty. Hotel guests in two different countries, Mexico and Chile, were sampled. As in previous but recent research, hotel guests considered satisfaction with the service only a starting point in their long-term relationship with the hotel and two variables, commitment and trust, as mediating paths to reach customer loyalty. Similar to previous research, this study found that these two variables mediate the relationship between satisfaction and hotel guest loyalty. However, it was also found a strong guest's reliance on commitment when developing loyalty whereas at the same time there is a strong impact of satisfaction and trust on commitment.

Keywords: Hotel guest satisfaction, trust, commitment and loyalty.

RESUMEN. Desarrollar la lealtad de los clientes de hoteles se ha convertido en un hecho de suma importancia para el negocio hotelero, dado que muchos clientes han reducido su nivel de ingresos, y otros han aumentado su preocupación por la seguridad cuando viajan, incluyendo la seguridad en hoteles. Este estudio tiene por objetivo explicar cómo los clientes de los hoteles desarrollan su lealtad. Clientes de hoteles en dos países distintos, México y Chile, fueron encuestados. Como en previas, pero recientes investigaciones, los clientes de hoteles consideran la satisfacción con el servicio sólo el comienzo de su relación de largo plazo con el hotel y dos variables, compromiso y confianza, como pasos intermedios para alcanzar la lealtad de los consumidores. Similar a estudios previos, esta investigación encontró que estas dos variables median la relación entre satisfacción y la lealtad de los clientes de hoteles. Sin embargo, fue descubierta una fuerte dependencia en compromiso para desarrollar la lealtad, mientras al mismo tiempo hay fuerte impacto de satisfacción y confianza sobre compromiso.

Palabras clave: Satisfacción de los clientes de hoteles, confianza, compromiso y lealtad.

1. BACKGROUND

The increased in level of competition has taken to the hotel industry to look for ways of maintaining and attracting customers. Craig-Lees and Browne (1995:510) argue that businesses should expand their focus to go beyond the satisfaction / dissatisfaction dimension. Customer loyalty has become a very important issue, and firms are investing more resources in building this loyalty, and also are looking for information on how to build customer loyalty (Bowen and Chen, 2001). Considering all this, how to create hotel guest loyalty is deemed universally an essentially important task for the hotel managers (Bowen and Chen, 2001), and in the same way it is very important to know what variables are key to building hotel guest loyalty. This research aims at determining the role of satisfaction, trust, and commitment in building hotel guest loyalty.

1.1 Hotel Guest Loyalty

Customer loyalty can be defined as "a deeply held commitment to re buy or re patronize a preferred product/service consistently in the future" (Oliver, 1993). Loyalty is an important issue because it has a positive effect on the firm's bottom line. This is because it is easier, more direct and less costly to sell to existing customers (Barlow and Moller, 1996:25). Bowen and Chen (2001) mentioned that loyal customers will help to promote the hotel, they will provide strong word-of-mouth, create business referrals, provide references, and serve on advisory boards. These loyal customers will also increase sales by purchasing a wider variety of the hotel's products and by making more frequent purchases. Despite that, some hotels are only worried about meeting customers' expectations, in having high levels of customers' satisfaction. These hotels think that repurchase will be increased if they satisfy customers' needs. However, it has been proven that customer repurchase does not necessarily mean that customers are loyal. They might defect at any moment and for different reasons (Jones and Sasser, 1995).

1.2 Customer Satisfaction

Satisfaction can be seen as meeting customers' expectations, and "world class satisfaction" as to delight customers delivering a service or product that goes far beyond customers' expectations (MacNealy, 1994:14). Engel, Blackwell and Miniard (1995:277) mentioned that genuine and ongoing satisfaction is one of the greatest assets a firm can acquire. This does not necessarily mean that if businesses experience high levels of customers' satisfaction, they have a base of loyal customers (Dick and Basu, 1994). McIlroy and Barnett (2000) mentioned that satisfaction is necessary but not sufficient for loyalty, meaning that even if hotel guests are satisfied with the service they will continue to defect if they believe they can get better value, convenience or quality elsewhere.

1.3 Trust

It can be defined as one party's confidence in the other relationship members reliability, durability, and integrity, and the belief that its actions are in the best interest of and will produce positive outcomes for the trusting party (Peppers and Rogers, 2004:43). For Morgan and Hunt (1994:22) trust and commitment are key variables for businesses, because they a) encourage marketers to work at preserving relationship investments, b) resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners and c) view potentially high risk actions as being prudent because of the belief that their partner will not act opportunistically.

1.4 Commitment

Peppers and Rogers (2004:71) define Commitment as the belief that the importance of a relationship with another is so significant as to warrant maximum effort at maintaining it. Schoultz, Tannaenbaun and Lauternorn (1997:141) define commitment as an internal demonstration of interest in either the marketer's brand or in the generic or a related category. In contrast, for Henning-Thurau and Hansen (2000:35) customers are truly committed to the firm when they stand by his or her supplier, even if the supplier makes a mistake or is not as up-to-date as the competition.

1.5 Interrelationships of Customers' Satisfaction, Trust, Commitment and Hotel Guest Loyalty

Based on the literature review, it can be established that there is a positive relationship between satisfaction and trust (Ganesan, 1994; Jyh-Shen, 2004); satisfaction and commitment (Fornell, 1992); trust and commitment (Pepper and Rogers, 2004; Morgan and Hunt, 1994; Delgado-Ballester and Munuera-Aleman, 2001; Halliday, 2003); trust and loyalty (Moorman and Zaltman, 1993; Buttle and Burton, 2002), and commitment and loyalty (Bloemer

and Oderkerken-Schroder, 2003; Berry and Parasuraman, 1991; McIlroy, 2000). There is no much evidence, though, as to what variable (trust or commitment) has a greater impact on hotel guest loyalty, and which one is a better mediator variable between satisfaction and hotel guest loyalty. Vasquez-Parraga and Alonso (2000) findings showed that there is an indirect relationship between satisfaction and hotel guest loyalty) and that estimated values for the relationship between satisfaction and trust were lower than those for satisfaction and commitment. It was also determined that estimated values for trust and hotel guest loyalty were lower than those for commitment and hotel guest loyalty (Zamora et al.,

2004). This study attempts to validate such findings. Thus, three hypotheses were proposed (See Figure 1).

H1: The relationship between satisfaction and hotel guest loyalty is mediated by trust and commitment.

H2: The relationship between satisfaction and trust is weaker than the relationship between satisfaction and commitment.

H3: The relationship between trust and hotel guest loyalty is weaker than the relationship between commitment and hotel guest loyalty.

Figure 1: Relationships between Variables under Study
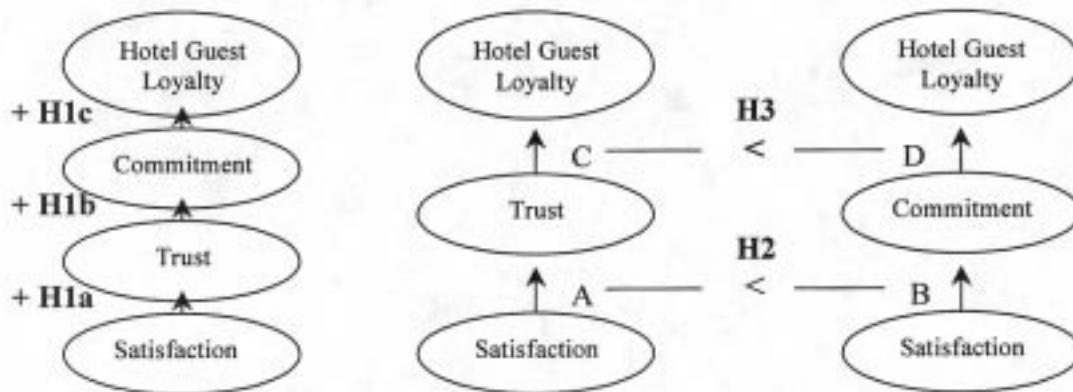
2. METHODOLOGY

A survey was done to gather the data. This involved interviewing people who were staying in Mexican (Ms) and Chilean (Chs) Hotels. The investigation included four types of hotels (A, B, C and D), which covers most of the spectrum of hotels existing in these two countries. A total of 437 interviews were done, 353 in Mexico and 84 in Chile. This difference in sample sizes was evaluated to see if data can be biased in favour of Mexican responses and corresponding country data sets could be merged. First, interviewees from these two countries had similar characteristics (e.g. *65% of Ms and 75% of Chs were male; 93% of Ms and 87% of Chs had at least undergraduate studies; 83% of Ms and 86% of Chs stayed at the*

hotel because of business purposes; and 40% of Ms and 50% of Chs have stayed at the same hotel before). In addition, ANOVA results showed that no significant differences in their responses were observed making the merge feasible. The questionnaire used scales items constructed in other research (Westbrook et al., 1981; Carman's, 1990; Garbarino et al., 1999; Kelly et al., 1994; Rajus's, 1980; Lichtenstein, 1990; and Sirgy et al., 1991), but were translated into Spanish and adjusted to the Mexican and Chilean vocabularies. For each latent variable five scale items were used and they were on seven-point Likert scales, ranging from completely disagree to completely agree. Table 1 shows one example of a sentence used for each variable.

Table 1: Examples of Item Scales used in the questionnaire

Hotel Guest Loyalty	Once I get to use to a Hotel I do not like to switch to another one
Commitment	I am proud to be a customer of this hotel
Trust	This hotel is trustworthy
Satisfaction	This service has adequately satisfied my expectations

3. RESULTS

Exploratory factor analysis, using principal components and varimax rotation resulted in four factors: satisfaction, trust, commitment and hotel guest loyalty. Some of the initial scale items were not included in the final results because their loading values were below 0.4. After this adjustment, trust and hotel guest loyalty included three scale items, commitment four, and satisfaction five. To check reliability, Cronbach Alphas were calculated, and they ranged from 0.62 to 0.87. To confirm the existence of a specific factor structure, confirmatory factor analysis was performed using structural equation modeling (AMOS 5.0 software). Results of this analysis showed acceptable overall values for GFI (0.93), AGFI (0.90), CFI (0.91), and RMSEA (0.067), confirming that observed data can be divided into four factors or latent variables.

To determine the relationships between the different constructs under study, structural equation modeling was performed for three paths. The first one considered the relationship between satisfaction and hotel guest loyalty mediated by trust and commitment, the second one, the relationship between satisfaction, trust and hotel guest loyalty and the third one, the relationship between satisfaction, trust, and hotel guest loyalty. The findings using structural equation modeling shows that:

The relationship between satisfaction and hotel guest loyalty is mediated by trust and commitment [GFI (0.92), AGFI (0.91), CFI (0.92), and RMSEA (0.065)]. The best fit of the model shows a direct and strong influence of satisfaction on trust and commitment and a direct and strong impact of commitment on hotel guest loyalty. The role of trust, however, is not to mediate the relationship between satisfaction and commitment but to moderate the role of commitment.

The relationship between satisfaction, trust and hotel guest loyalty had appropriate values of GFI (0.95), AGFI (0.92), CFI (0.91) and RMSEA (0.074). Estimated values were relatively low for the relationships of satisfaction and trust (0.32), and trust and loyalty (0.27).

The relationship between satisfaction and hotel guest loyalty shows high values for GFI (0.96), AGFI (0.94), CFI (0.96) and a low value for RMSEA (0.055). Estimated values were also high for the relationship of satisfaction and commitment (0.59) and for the relationship of commitment and loyalty (0.64).

3.1 Hypothesis Testing

All three proposed hypotheses were corroborated. 1) The mediated relationship between satisfaction and hotel gust loyalty was stronger than the relationship between satisfaction and hotel gust loyalty without mediation, in corroboration of H1. 2) The relationship between satisfaction and trust was weaker than the relationship between satisfaction and commitment, in support of H2. 3) The relationship between trust and hotel guest loyalty was weaker than the relationship between commitment and hotel guest loyalty, in support of H3. Figure 2 shows the different paths and estimates obtained.

4. DISCUSSION AND CONCLUSION

The results of this study clearly show that trust and commitment are two important variables that mediate the relationship between customer satisfaction and hotel guest loyalty. The way the two mediating variables work, however, requires some explanation. Commitment has a greater impact on hotel guest loyalty than any other variable, whereas trust has an influence on commitment but does not mediate the relationship between satisfaction and commitment. This means that hotels should seek customer commitment in order to get loyal customers. In doing so, however, they should take into account that both customer satisfaction and trust are required mainly

Figure 2: Relationships between the Variables under Study
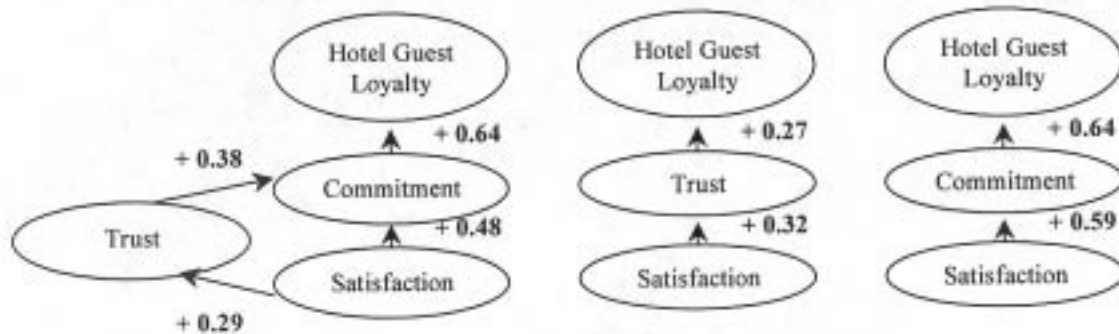
because both bear on commitment. Thus, if hotel managers want to build loyalty among their guests, they should not only work on satisfying them, but also on establishing long-lasting relationships with their customers by developing enough trust with them. In turn, satisfied and trusting customers will commit to the hotel, and committed customers will become loyal customers. This could be done by strengthening guests' perceptions and attitudes toward the brand or/and the hotel. To do so, hotels might invest resources in improving information channels so customers could have access to more information regarding the hotel and its services. Hotels could also keep in contact with their former guests trying to determine their current needs and offering them services that meet those needs. Hotels could, as well, ensure that customers get a personalized service for a wide range of services. This issue is very relevant due to the difference in needs between business customers and leisure customers. This calls for specific marketing programs to develop or strengthen long-lasting relationship with customers from these two market segments, an in particular with the business market that represents the largest segment in hotels under study. These customers are requiring specific services from hotels, such as internet access, conference room, among others. Another way of improving guests' perceptions regarding the hotel is enhancing customer loyalty programmes, which are now based on reward cards (Palmer et al. 2000), by adding incentives that motivate customers to acquire or add new and positive attitudes towards the hotel.

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