SERVICE MARKETING MIX AND CUSTOMER SATISFACTION OF HOTEL IN JOHOR BAHRU

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To my parents, my wife; Zohreh Majidnia and beloved daughter, Sayyedeh Tabassom Yahyazadeh for their support and sacrifices.
ACKNOWLEDGEMENT

A multitude thanks to Allah Almighty for bestowing upon me this opportunity to embark on a journey that I ever dreamed. Indeed lessons have widened my horizons of knowledge and opened me to the new perspectives. In the name of Allah, most benevolent, ever-merciful, all praise to be Allah, Lord of all worlds.

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Providing customer satisfaction is one of the biggest challenges in service industries. Organizations today are putting on efforts to identify and manage existing customers. Among the popular marketing theories, the 7Ps marketing mix recognized the critical factor in business for competitive differentiation, customer satisfaction. This study examines the relationship between the 7Ps marketing mix and customer satisfaction. Furthermore, this research tries to discover the existence of difference in the level of customer satisfaction based on nationality that customer are Malaysian or Non-Malaysian. In this research the non-probability and convenient sampling is chosen and by using Likert Scale’s questionnaire the data were collected from 12 hotels in Johor Bahru. Data were analyzed according to the collected questionnaires by several methods were used such as, reliability and validity analysis, t-test, ANOVA, Pearson correlation and multiple regression. The results of this study show all the 7Ps marketing mix components has a positive relationship with the customer satisfaction and, among the marketing mix components, product has the largest impact on customer satisfaction. Furthermore purpose of stay and nationality have not significant difference in level of customer satisfaction. Alike, traveler type has significant difference level of customer satisfaction. This study provides hotel professionals with an assessment of 7Ps marketing mix theory to measure and manage customer satisfaction in hotels in Johor Bahru.
ABSTRAK

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter gives a background of study in some concepts such as marketing mix, 7Ps factors and customer satisfaction. Then, the problem discussion of this study will be presented and after that will lead to the study’s purpose and research questions. Finally, the significance and limitation of this study will be investigated before the outline and framework of thesis.
1.2 Background of Study

Nowadays, the hotels not only supply to the main needs of the guests like food and shelter, they provide more than that, it means they can cover another needs like personalized service etc. On the other hand, hotels today can be called as “Home away from home”. As many organization and industries are developing, the hotel industry in Malaysia has become one of the most fundamental region that can be a driver of growth, improvement and development of the Malaysian economy because Malaysia was the ninth most visited countries in 2011. There are 24.7 million tourists come and visit Malaysia, so Malaysia has become one of the tourist destinations in the world, comparing with another popular destinations (Malaysia Country Report, 2013).

In a competitive hotel industry, hotels have to find ways to make their services better among the others by different and complete services from the others hotels. To attain this goal, hotel managers must understand and find their customers’ needs and anticipations – and then fix their services and goods based on guest’s needs and anticipations to satisfy them by receiving their needs (Al-Debi, 2014).

In order to improve customer satisfaction in hotel industry, the hotels need to know that the service attributes might influence customers. Moss (2001) found that failure to provide essential attention to 7Ps in marketing mix attributes such as product, price, place, promotion, physical evidence, promotion, people and process can be resulted in a customer’s negatively evaluating of the hotel services and may destroy the chance of hotel to have more guests.

According to Lovelock and Wirtz (2007), the combination and mixing of all of the parameters that affect guest’s satisfaction were obtained in the service marketing mix. Therefore, it is significant for the hotels to know the impacts of the 7Ps of marketing mix on customer satisfaction. Since a customer’s satisfaction is influenced by the marketing mix service and therefore the marketing mix has become a main concern of all businesses (Berry and Parasuraman, 2004). Hence, this research has
effort at studying about the effect of marketing mix on customer satisfaction on hotel services in Johor Bahru.

1.3 Problem Statement

The studies found that the hotel performance in Malaysia needs improvement (Mohsin, 2005). Therefore, this study will investigate the marketing mix, the 7Ps that will have effect on hotel efficiency and performance. Also, it is significant for the improvement of organizational performance.

The year 2012 anticipated well for the tourism industry in worldwide with the attainment to a major milestone of welcoming one billion international tourists. The findings found that Asia and the Pacific received the highest growth with an increase of 7% tourist arrivals compared with the average growth in worldwide that was 4%. This revealed the tourism industry in these regions was improved (UNWTO Conference, 2013).

Tourism industry as one of the increasingly significant parts has become a major role in the growth of the Malaysian economy. In order to increase the growth potential of tourism, Malaysia launched the Economic Transformation Programme (ETP). Furthermore, tourism has been recognized as one of the national key economic areas (NKEAs) to lead this economic transformation. In this regard, the Malaysia Tourism Transformation Programme (MTTP) was adjusted to attain the targets of attracting 36 million international tourists and receiving RM168 billion (UNWTO Conference, 2013).

Therefore, the hotel industry is a very important section in the tourism industry, because it satisfies the most important needs of the tourist that is accommodation. In order to enhance the action of hotel industry in Malaysia economy, the hotels have to satisfy and preserve their guests. From the hotel’s perspective, to preserve their
customers, they should put effort to make customers satisfied with their services, offerings and quality. Due to the significance of the hospitality and hotel industry and its fundamental relation with the guests, the importance of recent academic research in the hotel industry for determining the services that effect on the guest satisfaction needs further investigation (Sim et al., 2006).

The hotel industry is characterized by some hotels that offer a wide range of services to their customers and these hotels considered the service marketing mix as a main tool that it can help hotels to provide guests’ needs and in this case the guests can meet their expectations. In fact, the service marketing mix is useful to hoteliers to save their hotels from losing the customers and increase the competitive advantages among other hotels.

Yelkur (2000) found that it is significant for hotel managers to realize that the service marketing mix factors (product, price, place, promotion, people, physical evidence and process) can help hotels to enhance customer satisfaction. Therefore, with the service marketing mix theory, it can improve the customer satisfaction in hotels.

Nowadays in the worldwide, hotels are faced with competition with another hotels. Thus, this study focuses on hotels in Johor Bahru for finding the relationship between service marketing mix and customer satisfaction where service marketing mix is used for competitive advantage. Furthermore, many studies have been investigated service marketing mix in hotels. However, most of the previous studies have found evidence about the level of customer satisfaction in hotels by using only several services attributes which are 4Ps of marketing mix (product, price, place and promotion) on customer satisfaction. Also, there are limited studies focusing on the effects of 7Ps of service marketing mix on customer satisfaction in hotel industry (Jun and Cai, 2001). Thus, this study is one of an important effort to evaluate the effects of 7Ps on customer satisfaction in the hotels of Johor Bahru.
Customer satisfaction is considered to be one of the most important outcomes of all marketing activities. The obvious need for satisfying the customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business that all of them lead to improved profitability (Sim et al., 2008; Hosseini, 2011). On the other hand, customer satisfaction is the leading factor for determining the quality delivered to customers through the product or service (Ikiz and Masoudi, 2008). Offering high quality service and thereby improving customer satisfaction has been identified as the most important challenge facing businesses in the 1990s (Barsky and Labagh, 1992). A traditional definition of customer satisfaction follows the paradigm that consumer satisfaction or dissatisfaction is the result of interaction between the consumer’s pre-purchase expectations and post-purchase evaluation (Poon and Low, 2005).

Ikiz and Masoudi (2008) defined perceptions of hotel attributes as the degrees to travelers find different types of services and facilities important in promoting their satisfaction with hotel stays. There have been various studies of hotel that are considered for making a hotel choice decision. Among intangible components of hotel service are cleanliness, comfort, spacious and well-maintained rooms, convenient location and accessibility, safety and security, and room facilities such as better lighting, safety features in the bathrooms, easy to handle door knobs, supporting mattresses and chairs (Ikiz and Masoudi, 2008; Alipour et al., 2012).

In addition, service quality, food value of a restaurant, convenient parking, as well as interior decor and exterior design are important contributors. Value for money is another factor that is strongly associated with high customer loyalty and hotel revenue (Al-Debi, 2014). However, Yu (2012) found the view that personal services, physical attractiveness, opportunities for relaxation, standard of services and appealing image are factors that travelers considered when they evaluate value for money.

In order to be successful in the market it is not sufficient to attract new customers, managers must concentrate on retaining existing customers implementing effective policies of customer satisfaction and loyalty. In hotel industry, customer
satisfaction is largely depended on quality of service (Poon and low, 2005). A management approach focused on customer satisfaction can improve customer loyalty, thus increasing the positive image of the touristic destination. Hence, exploring the importance for customers of hotel attributes in hotel selection is indispensable. A study showed that 86.2 percentages of people that used the hotel in Malaysia were satisfied (Poon and low, 2005). However, this 86 percentages satisfaction is not enough for hotels in Malaysia, Therefore Malaysian hotels need further improvement from 7Ps for higher customer satisfaction.

The results revealed customer satisfaction among guests in Malaysia is difference and depend on some items. For example, for Asian travelers, price is so important while for western travelers, security and safety are the most important items to be satisfied. Undeniably, hospitality is the most influential factor in determining the satisfaction for all travelers that will lead to revisit intention (Poon and Low, 2005)

Johor, Malaysia is a land of numerous tourist attractions. Johor boasts many beautiful unspoiled islands, mystic jungle parks, and lovely white sandy beaches with crystal clear water, magnificent historical sites and other fascinating places to visit. So, this study investigates the effects of 7Ps on customer satisfaction of hotels in Johor Bahru.
1.4 Research Objectives

The main purpose of this research is to investigate the effect of 7Ps of marketing mix on customer satisfaction in hotels of Johor Bahru, Malaysia. Thus, the objectives of this study can be listed as follows:

1. To examine the effect of 7Ps marketing mix on customer satisfaction in hotels of Johor Bahru.

2. To investigate whether there are differences in demographic profile groups (purpose of stay, type of travel and country of origin/nationality) in customer satisfaction of hotels of Johor Bahru.

1.5 Research Questions

According to the objectives in this study, this research will answer the following research questions.

1. Do 7Ps marketing mix (product, price, place, promotion, people, physical evidence and process) have a significant effect on customer satisfaction on hotels of Johor Bahru?

2. Are there any significant differences in demographic profile groups (purpose of stay, type of travel and country of origin/nationality) in customer satisfaction of hotels of Johor Bahru?
1.6 Significance of the Study

The findings of this study would give the profound vision of relationship between the service marketing mix and customer satisfaction. Also, this study will investigate the factors that influence hotels guests’ satisfaction in Johor Bahru. At first, by investigating on the connection between every components in 7Ps marketing mix and customer satisfaction, it would be well-defined that every of the Ps service marketing mix theory has more impact on the satisfaction of the hotel guests.

Secondly, the significance of this study is that there are some general studies evaluating the effect of all 7Ps of marketing mix on customer satisfaction and most of the studies investigated the effects of only some attributes or 4Ps of marketing mix (product, price, place and promotion) on customer satisfaction.

The purpose of this study is to investigate the level of satisfaction of guests in hotels of Johor Bahru. In addition, besides identifying the relationship between marketing mixes and customer satisfaction, the study will investigate the most important components of the marketing mix in hotels of Johor Bahru. However, any differences in levels of customer satisfaction based on the purpose of travel, type of travel and country of origin are considered.

1.7 Scope of Study

This study investigates the effect of 7Ps marketing mix on customer satisfaction in hotels of Johor Bahru. The 7Ps include product, price, place, promotion, people, physical evidence and process. There are 12 hotels in Johor Bahru will be investigated in this study.
In addition, purpose of stay including business and leisure has been taken into consideration. This investigate covers travelers’ types such as solo, family with children, couples, and groups. This can be mentioned that country of origin/nationality incorporating Malaysian, and Non-Malaysian is utilized.

In this study, there are 12 hotels in Johor Bahru are selected based on their rates. Target population of this investigation is the hotel customers.
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