UNIVERSITI PUTRA MALAYSIA

SERVICE QUALITY AND MEDIATING ROLE OF PERCEIVED VALUE AND INTERNATIONAL TOURIST SATISFACTION ON TOURIST LOYALTY IN 4- AND 5- STAR HOTELS IN KUALA LUMPUR, MALAYSIA

YOUSEF KESHAVARZ

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By

YOUSEF KESHAVARZ

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfillment of the Requirements for the degree of Doctor of Philosophy

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DEDICATION

This dissertation is dedicated to my family for all their love, support, and encouragement throughout this process. To my dear family Firoozeh and Farshad who had provided me with unconditional love and encouraged me to always do my best to educate. They constantly push me toward my goals with their enduring love.

I am eternally grateful to all my sisters and brothers who provided much assistance, patient, support, and encouragement to me to persist and attempt my are of interest. And especially to my wife, Firoozeh, for her understanding, patience, sacrifices and love which enable me to see this dissertation through to completion.
Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment of the requirement for the Degree of Doctor of Philosophy

SERVICE QUALITY AND MEDIATING ROLE OF PERCEIVED VALUE AND INTERNATIONAL TOURIST SATISFACTION ON TOURIST LOYALTY IN 4- AND 5- STAR HOTELS IN KUALA LUMPUR, MALAYSIA

By

YOUSEF KESHAVARZ

January 2016

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Faculty : Economics and Management

Loyalty has become the most important strategic aim in the hotel industry. However, most customers do not like to revisit the same hotel. The marketing literature has recognized that service quality affects perceived value and customer satisfaction and they had significant determinants of customer loyalty. In the literature, it was also recognized that the Expectancy Disconfirmation Theory (EDT), Theory of Reasoned Action (TRA), and Comparison-Level Theory (CLT) were the main theories relevant in analyzing tourist loyalty.

Based on the literature, the purpose of this study is to obtain an empirical understanding of international tourist loyalty in four and five-star hotels in Kuala Lumpur. A multi-level model was used as a framework for the analysis. The dimensions of service quality including process quality and outcome quality as perceived by hotel customers were identified through a literature review. Hypotheses were formulated and tested to (i) examine the effects of process quality and the outcome quality on perceived value, tourist satisfaction, and tourist loyalty and (ii) to determine if the perceived value and tourist satisfaction have direct effects on tourist loyalty and play a mediating role between process quality and outcome quality with tourist loyalty.

The results of this research were based on the analysis of a sample of 417 international tourists who had stayed at four and five-star hotels in Kuala Lumpur, Malaysia. Support was found for the use of a multi-level model and the primary dimensions: process quality and outcome quality. The six dimensions of process quality (tangible, reliability, responsiveness, assurance, empathy, and convenience) and three dimensions of outcome quality (valence, waiting time, and sociability) as perceived by international tourists in four and five-star hotel, were identified.
The statistical findings supported the notion that process quality and outcome quality had a direct effect on perceived value and tourist satisfaction, and an indirect effect on tourist loyalty through perceived value and tourist satisfaction. The results also indicated that process quality and outcome quality did not have a direct effect on tourist loyalty. Perceived value and tourist satisfaction mediated the relationship between process quality and outcome quality with tourist loyalty.

The results of this study contributed to the service marketing theory by providing an empirically based insight into the service quality, perceived value, tourist satisfaction and tourist loyalty constructs in the Malaysian hotel industry. This study suggested a significant contribution to the existing knowledge presenting the role of process quality and outcome quality in the area of tourist loyalty by mediating the role of perceived value and tourist satisfaction.

This research will assist the hotel industry management to expand and perform a service strategy in order to create higher perceived customer value and upgrade the tourists' levels of satisfaction that can create favourable loyalty.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk Ijazah Doktor Falsafah

PENILAIAN KUALITI PERKHIDMATAN DAN PERANAN PENGANTARA
PERSEPSI NILAI DAN KEPUASAN PELANCONG ANTARABANGSA
TERHADAP KESETIAAN PELANCONG DI HOTEL EMPAT DAN
LIMA BINTANG DI KUALA LUMPUR, MALAYSIA

Oleh
YOUSEF KESHAVARZ

Januari 2016

Pengerusi : Mass Hareeza Ali, PhD
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Kesetiaan telah menjadi matlamat strategik yang paling penting dalam industri perhotelan. Walau bagaimanapun, kebanyakan pelanggan tidak suka untuk menginap semula di hotel yang sama. Literatur pemasaran telah mengakui bahawa kualiti perkhidmatan memerlukan kesan kepada persepsi nilai dan kepuasan pelanggan dan mereka mempunyai penentu signifikan terhadap kesetiaan pelanggan. Literatur juga diakui bahawa Teori Expectancy Disconfirmation (EDT), Teori Reasoned Action (TRA), dan Teori Comparison-Level (CLT) merupakan teori-teori utama berkaitan dalam menganalisis kesetiaan pelancongan.

Berdasarkan literatur tujuan kajian ini adalah untuk mendapatkan pemahaman empirikal mengenai kesetiaan pelancong antarabangsa di hotel empat dan lima bintang di Kuala Lumpur. Model pelbagai peringkat telah digunakan sebagai kerangka bagi analisis. Dimensi kualiti perkhidmatan termasuk kualiti proses dan kualiti hasil seperti yang dilihat oleh pelanggan hotel dikenalpasti melalui kajian literatur. Hipotesis telah dibentuk dan diuji untuk (i) mengkaji kesan kualiti proses dan kualiti hasil pada persepsi nilai, kepuasan pelancong, dan kesetiaan pelancong dan (ii) untuk menentukan sekeriannya persepsi nilai dan kepuasan pelancong mempunyai kesan langsung ke atas kesetiaan pelancong dan memainkan peranan sebagai pengantara antara kualiti proses dan kualiti hasil dengan kesetiaan pelancong.

Hasil kajian ini adalah berdasarkan kepada analisis sampel 417 pelancong antarabangsa yang telah tinggal di sebuah hotel empat dan lima bintang di bandar Kuala Lumpur, Malaysia. Sokongan didapati untuk kegunaan model pelbagai peringkat dan dimensi utama: kualiti proses, dan kualiti hasil. Enam dimensi kualiti proses (nyata, kebolehpercayaan, responsif, jaminan, empati, dan kemudahan) dan tiga dimensi kualiti hasil (valens, masa menunggu, dan keramahan) seperti yang
dilihat oleh pelancong antarabangsa di hotel empat dan lima bintang, telah dikenal pasti.

Hasil statistik menyokong bahawa kualiti proses dan kualiti hasil mempunyai kesan langsung ke atas persepsi nilai dan kepuasan pelancong, dan kesan tidak langsung kepada kesetiaan pelancong melalui persepsi nilai dan kepuasan pelancong. Keputusan juga menunjukkan bahawa kualiti proses dan kualiti hasil tidak mempunyai kesan langsung ke atas kesetiaan pelancong. Persepsi nilai dan kepuasan pelancong menjadi pengantara hubungan antara kualiti proses dan kualiti hasil dengan kesetiaan pelancong.

Keputusan kajian ini menyumbang kepada teori pemasaran perkhidmatan dengan memberi pendedahan secara empirikal berdasarkan gambaran konstruk kualiti perkhidmatan, persepsi nilai, kepuasan pelancong dan kesetiaan pelancong dalam industri hotel Malaysia. Kajian ini mencadangkan sumbangan signifikan terhadap pengetahuan sedia ada dengan menunjukkan peranan kualiti proses, dan kualiti hasil dari aspek kesetiaan pelancong melalui peranan pengantara persepsi nilai dan kepuasan pelancong.

Kajian ini akan membantu pihak pengurusan industri hotel untuk mengembangkan dan melaksanakan strategi perkhidmatan untuk mewujudkan persepsi nilai pelanggan lebih tinggi dan meningkatkan tahap kepuasan pelancong yang boleh mewujudkan kesetiaan yang memuaskan.
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There are many people who have given me endless guidance and support during the production of my thesis. Without them, this theses would have been very difficult, if not impossible, to complete. To all the individuals who had helped to guide me, support me, or just listen to me when I needed to discuss things, I am forever thankful. I would like to give special thanks to the chairperson of my committee Dr. Mass Hareeza Ali for her guidance, support, and patience during the whole period of my studies. Thanks also to my committee members and deepest gratitude to Prof. Dr. Mohd Shahwahid Othman and Dr. Raja Nerina Raja Yusof for their time, guidance, and smiling patience while helping me complete this project. I also would like to thank to my friend, Dr. Alireza Roustasekehravani for always lending an ear and helping me smile through the difficult times and for giving me support in his own way to help me complete this study. Most important of all, I would like to thank my family, whom without their love, patience, support, through my education and through my life I would not be who I am or where I am today. Thank you and I love you all.
I certify that a Thesis Examination Committee has met on 28 January 2016 to conduct the final examination of Yousef Keshavarz on his thesis entitled "Service Quality and Mediating Role of Perceived Value and International Tourist Satisfaction on Tourist Loyalty in 4- and 5-Star Hotels in Kuala Lumpur, Malaysia" in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

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Name of Member of Supervisory Committee: Professo Dr. Mohd Shahwahid Othman

Signature: __________________________
Name of Member of Supervisory Committee: Dr. Raja Nerina Raja Yusof.
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<td>MI</td>
<td>Modification Indices</td>
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<td>MTCM</td>
<td>Ministry of Tourism and Culture Malaysia</td>
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<td>MTPB</td>
<td>Malaysia Tourism Promotion Board</td>
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<td>MTSA</td>
<td>Malaysia Tourism Satellite Account</td>
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<td>ML</td>
<td>Maximum likelihood</td>
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<td>PATA</td>
<td>The Pacific Areas Travel Association</td>
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<td>PNFI</td>
<td>Parsimony Normed Fit Index</td>
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<td>Root Mean Square Error of Approximation</td>
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<td>Structural Equation Modeling</td>
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<td>Singapore Tourism Board</td>
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<td>Theory of Reasoned Action</td>
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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Service is considered to be primarily experiential as it is intangible, hence, difficult to measure. Rizal (2008) found that the main differences between a product and service include the production and contact with customers. The customers are looking for previous external and internal causes of services to decide on future purchases. Hotel is an accommodation and a part of the service industry and hoteliers are required to be aware of the principles of service marketing (Rizal, 2008). Hotels pursue customer loyalty by providing service quality and meeting their expectations and anticipations. Therefore, hoteliers need to know about their customers' expectations and try to meet their needs (Lin, 2005).

In the extremely competitive hotel industry, creating differentiations of one hotel's services in comparison to those of its competitors is vital. To achieve this, hotel managers should know and meet the customers' needs and wants by providing high-quality services (Wu & Ko, 2013). According to Wu and Ko (2013), the hotel industry has problems in measuring and improving their service performance from a customers viewpoint due to the lack of an integrative conceptual model and measurement scale.

The genteel client values impeccable service and is willing to pay for the comfort provided by four and five-star hotels; thus, meaningful services are very much appreciated by the customers (Shahril, Aziz, Othman & Bojei, 2015). According to Hogreve and Gremler (2009), the perceived quality would undergo a decline if hotels fail to meet their customers' expectations toward service quality, since the customers have higher expectations of the hotels in comparison with the other service industries (Wu, Liao, Hung, & Ho, 2012). In the hotel sector, appropriate relationship marketing such as offering a qualified service is important to form, improve and maintain a sound business relationship with customers (Shahril, et al., 2015). Based on Lin (2005), hotels which fail to perceive and meet their customers' expectations would be out of the market between seven to nine years. Consequently, service quality is the contributing factor that affects customers’ revisit or recommendation to others. This help managers to develop a strategy of improvements and customer loyalty (Lin, 2005).

Satisfaction with a hospitality experience, such as a hotel stay, is the sum total of satisfaction with individual elements or attributes of all products and services that make up the experience (Molina-Azorín, Tarí, Pereira-Moliner, López-Gamero, & Pertusa-Ortega, 2015). Dissatisfied customer contributes to market share losses while satisfied customers give rise to greater profits (Amin, Yahya, Ismayatim, Nasharuddin, & Kassim, 2013). The important factor which affects improving
customer satisfaction is service quality, by which the customers stay with a service provider for longer and continue their relationship with them (Rajinikanth, Rajakumar, Samudhra, & Ramesh, 2011). Riscinto-Kozub (2008) declared that dissatisfied customers do not spend time complaining to inform the service provider to recover the problem; instead, they tell their negative experiences to an average nine persons. Therefore, poor service quality contributes to losing an average 12% of the customers (Riscinto-Kozub, 2008). This general observation of service quality applies particularly to the hotel industry.

As an example provided by Pizam, Shapova, and Ellis (2016), changes in satisfaction with a meal experience may result from changes in the perception of the actual quality of outcomes received, or from changes in the expectations against which these outcomes are compared. Changes in expectations can result from a change in needs (i.e. hungry vs full; tired vs rested), change in objectives (i.e. business trip vs leisure trip), new personal or vicarious experiences (i.e. recently had a superb hospitality experience at another hotel) and any other influences that make salient a particular quality of outcomes (i.e. it is a very hot day and the hotel is not air-conditioned).

The importance of customer loyalty is supported by many researchers (Abdul-Rahman & Kamarulzaman, 2012; Gursoy, Chen, & Chi, 2014; Tanford, Raab, & Kim, 2012; Tsaur, Chiu, & Huang, 2002; Weber, 2001; Yoon & Uysal, 2005). Loyal customers purchase more and assist the service provider by repurchasing and providing positive recommendations (Skogland & Siguaw, 2004). Several studies have found that it costs about five times more time, money and resources to attract a new customer than to retain an existing customer (Pizam, et al., 2016). There are several studies supporting the idea that customer satisfaction leads to customer loyalty (Chitty, Ward, & Chua, 2007; Kandampully & Hu, 2007); however, in some studies, there is a slight link between customer satisfaction and customer loyalty (Heskkett, Sasser, & Schlesinger, 1997; Olsen, 2007). According to Olsen (2007), the relationship between satisfaction and loyalty varies between industries; the reason is that many factors affect the customers to be satisfied.

In Malaysia, as the tourism industry is important in the country, the hotel industry plays a vital role in attracting more international tourists (Economic Transformation Programme (ETP), 2010). By providing quality service including process and outcome quality, hotels in Malaysia can raise international tourists loyalty. This study has tried to provide a better understanding of the international tourist loyalty in four and five-star hotels in Malaysia. Furthermore, this study has investigated the effects of service quality (including process and outcome quality) on tourist loyalty in the hotel industry. The result of this study is expected to reduce the ambiguity surrounding the dimensions and determinants of service quality as well as the effect of service quality on tourist loyalty.
1.2 Problem Statement

As it is provided by Choo and Aizzat (2016), today's demand for hospitality services by travelers has increased, which contributed to severe competition in the market. This has caused hotels to face the ever-growing volume and pace of competition. Competition has had a pace of implication for the customer, providing increased choice, greater value for money, and augmented level of service. Additionally, there is little to distinguish one hotel’s products and services from another. Thus, it has become imperative for hotel managers to gain a competitive advantage (Kandampully & Suhartanto, 2000). One of the most common strategy used by hotels is developing customer loyalty by providing unique benefits to customers. Service quality is the key to a hotel’s ability to differentiate itself from its competitors and gain customer loyalty (Jenson & Markland, 1996; Kim, Jeong, Park, Park, Kim, & Kim, 2007; Choi & Kim, 2013).

Loyalty has become the most important strategic aim in today's competitive business environment (Chai, Malhotra, & Alpert, 2015; Gursoy et al., 2014; Levy, Hino, Estelami, & Estelami, 2016; Oliver, 1999). Reichheld and Sasser (1990) argued that an increase of 2% of customers who purchase again can help an organization to decrease its costs by 10%, because 60% of new customers are attracted by word-of-mouth. Loyalty in the hotel industry plays an important role since a loyal customer in luxury hotels, for example, both returns and spreads positive words of mouth recommendation about the hotel to a median of 10 people having a net present value of more than $100,000 (Kotler, Bowen, & Makens, 1999).

However, Berezina, Cobanoglu, Miller, and Kwansa (2012) declared that the customers may not like to revisit the hotel because of the following reasons. First, the customer did not enjoy the trip to this destination and prefer to look for a new area. Second, the customer is interested to try new events from the other hotels. Third, they are affected by the price and service quality from the other hotels.

The hotel industry in Malaysia plays a vital role in attracting international tourists (ETP, 2010). Based on the economic policy makers in the ETP (2010), it would require more investments for four and five-star hotels that offered excellent service quality to attract more international tourist. In fact, by increasing the quality of four and five-star hotels in Malaysia, it is predicted to increase the tourist receipts by three times and the tourist arrivals by 1.5 times. This is a necessary action since Malaysia is competing with its neighbours. International tourists spend more nights in Thailand than Malaysia (ETP, 2010). Moreover, they spend more money for accommodation in other countries in comparison with Malaysia (Singapore Tourism Board (STB), 2013).

In addition, the occupancy rate of hotels in Malaysia is less than in the rest of S.E. Asian and Asian countries. The occupancy rate of hotels in Singapore and Asia were 88.1% and 78.7% (Millenniumhotels, 2013), while in Malaysia this rate was 62.4 (Ministry of Tourism and Culture Malaysia, (MTCM) Officialportal, 2013).
Furthermore, the occupancy rate of four and five-star hotels in Malaysia was less than three-star hotels (Awang, Khairil, Ishak, Mohd, Salleh, & Taha, 2008), while the percent rate of four and five-star hotel in comparison to all kinds of hotel was less than the neighboring countries (ETP, 2010).

Furthermore, from an interview with two sale managers of four and five-star hotels in Malaysia, it was found that the loyalty rate is low. For example, the sales manager of the Marriot hotel believes that increasing loyalty affects the occupancy rate. IOI resort’s sales manager argued that the loyalty rate is low (3%) and the ideal loyalty rate for a hotel should be 10%. Therefore, it is assumed that loyalty is an important factor affecting four and five-star hotels in Malaysia to attract more international tourists and increase the occupancy rate.

What is the cause of such low loyalty rates? Service quality is a vital determinant for attracting frequent customers to a hotel (Akbaba, 2006; Levy et al., 2016; Lovelock, 1983; Rodger, Taplin, & Moore 2015; Saleh & Rayn 1991; So, King, Sparks, & Wang, 2013). Yet, the traditional scales of service quality provided in SERVQUAL, LODGSERV and HOLSERV might not be used suitably to evaluate service quality in the hotel industry (Buttle, 1996; Ekinci, 1998; Mei, Dean, & White, 1999; Nadiri & Hussain, 2005; Wilkins, Merrilees, & Herington, 2007). Convenience is one of the important dimensions of service quality in the hotel industry, which is not considered in LODGSERV scale (Akbaba, 2006; Ferreira, Santos, Rodrigues, & Spahr, 2014). In several empirical studies, the effect of convenience as a dimension of process quality on customer satisfaction has been supported (Chan & Wong, 2006; Kim, Ma, & Kim, 2006; Siu & Cheung, 2001; Yang, Peterson, Robin, & Cai, 2003). Therefore, the issue is whether the convenience as a dimension of process quality is in synch with the LODGSERV scale of measuring tourist satisfaction.

Moreover, researches on service quality has mainly focused on the importance of service quality, which is mentioned as the process quality (Ekinci, Prokopaki, & Cobanoglu, 2003; Mei et al., 1999; Mey, Akbar, & Fie, 2006; Mola & Jusoh, 2011; Poon & Low, 2005; Razalli, 2008; Rizal, 2008). However, scholars have criticized that most previous studies had a focus on process quality, while the outcome quality had not been mentioned to be as important as the process quality (Akbaba, 2006; Liat & Abdul-Rashid, 2011; Dabholkar & Overby, 2005; Luk & Layton, 2004). Nonetheless, according to Powpaka (1996), the outcome quality in some industries was more important than process quality. Therefore, there is a dearth of research to recognize that service quality, including process and outcome quality, simultaneously affect customer satisfaction, perceived value, and loyalty in four and five-star hotels, where guests are more sensitive to the quality of service.

Moreover, previous surveys conducted had found a relationship between service quality and satisfaction (Liat & Abdul-Rashid, 2011; Cronin, Brady, & Hult, 2000; Poon & Low, 2005; Rajinikanth et al., 2011; Riscinto-Kozub, 2008; Wu & Liang, 2009) and perceived value (Chang, 2008; Nasution & Mavondo, 2008; Walls, 2013). However, the influence of service quality with the new dimension of convenience
and outcome quality on the tourist loyalty through the mediating role of tourist satisfaction and perceived value has not been evaluated yet, especially in four and five-star hotels. Henceforth, since all the factors and dimensions of service quality are important in affecting tourist loyalty in the hotel industry, the influence of process quality as a variable, supported by the new dimension of convenience and added to LODGSRV scale, outcome quality on the tourist satisfaction, perceived value, and tourist loyalty have to be validated.

Consequently, this study endeavors to cover this gap in the literature by introducing how the process quality and outcome quality affect the tourist loyalty in four and five-star hotels. Understanding the tourist's perception of loyalty and its determinants will help the hotel managers to develop an appropriate competitive strategy.

1.3 Research Questions

The research questions addressed in this study are as follows:

I. Do process quality and outcome quality influence tourist satisfaction, perceived value, and tourist loyalty?
II. Do perceived value and tourist satisfaction affect tourist loyalty?
III. Do perceived value and tourist satisfaction mediate the relationship between process quality and outcome quality with tourist loyalty?
IV. Does tourist satisfaction mediate the relationship between perceived value and tourist loyalty?

1.4 Research Objectives

The general objective of this study is to investigate the effect of service quality, including the process and outcome quality, on international tourist loyalty through the mediating role of perceived value and international tourist satisfaction in four and five-star hotels in Kuala Lumpur. The specific objectives of the research are as follows:

1. To determine the direct effect of process quality and outcome quality on perceived value, tourist satisfaction, and tourist loyalty.
2. To investigate the influence of perceived value and tourist satisfaction on tourist loyalty.
3. To examine the mediating role of perceived value and tourist satisfaction in the relationship between process quality and outcome quality with tourist loyalty.
4. To determine the mediating role of tourist satisfaction in the relationship between perceived value and tourist loyalty.

1.5 Research Contributions

Fulfilling the four research objectives established in this study (mentioned in section 1.4) would provide a number of contributions. A comprehensive literature relevant to
service marketing in terms of academic and practical features would be collated. Academically, the current study contributes to the literature associated with service marketing and hospitality through a variety of methods. Previous studies had solely focused on the service quality evaluation in terms of process quality (eg. SERVQUAL, HOLSERV, and LODGSEVR). The crucial outcome quality had been neglected. Thus, this study proposed a new perspective which simultaneously examined the service quality evaluation that included process and outcome. A tested model will be provided, elaborating on the dimensions and structures of tourist loyalty in the hotel industry. In practice, such a finding can be considered to be significant because no compromise exists on the dimensional structure of the tourist loyalty. In addition, the current research concurrently models the relationships between various remarkable service marketing constructs such as the perceived value along with the process quality, the outcome quality, tourist satisfaction, and tourist loyalty. The majority of the surveys dealing with tourist loyalty had been conducted in developed countries. The results obtained here will generate a different understanding for the aforesaid contributions.

On a practical perspective, this study will benefit the hotel industry in several ways. Firstly, this research will assist the hotel managers to understand how customers of the hotel develop loyalty. Secondly, this study will also show service quality including process quality and outcome quality, affect tourist loyalty through perceived value and tourist satisfaction. The clarification of the dimensions of service quality in four and five-star hotels is important for managers. By understanding both issues, the hotel managers will be able to expand more appropriate strategies to keep current customers and attract potential guests. Furthermore, the results of this thesis can help policy makers in the tourism industry to find the key elements affecting tourists to revisit and build up recommendations.

This study is researchable since the study contains scientific questions and all variables could be measured. This study is feasible because it could be implemented in a reasonable amount of time, subjects were available, and concepts in the theoretical frameworks could be measured. Therefore, the finding of this study would help tourism policy makers to formulate and implement the strategy related to four and five-star hotels to handle the extreme competition in the tourism industry. Evaluating tourists’ perception and satisfaction about service quality is broadly accepted as being an effective strategy to increase profitability in the hospitality industry (Liat & Abdul-Rashid, 2013).

1.6 Definition of Terms

Loyalty

Theoretical definition: Kandampully and Suhartanto (2000) defined customer loyalty as the intention to repurchase from the previous service provider, to keep a positive attitude toward the service company, and to refer the service provider to the others.
Operational definition: In this study, tourist loyalty refers to international tourists' favorable intentions to the hotel. Tourist loyalty is measured by six items developed by Deng, Yeh, and Sung (2013) and So et al. (2013).

Service quality (process and outcome)

Theoretical definition: According to Akbaba (2006), service quality is defined as the result of comparing the customer's expectation of the service and their perception of the actual services or the way that the service is performed. Gronroos (1984) classified service quality into two categories, namely the technical and functional quality. According to Kang (2006), process quality represented functional quality while outcome quality connoted technical quality. Powpaka (1996) defined outcome quality as the service whose quality can be evaluated after purchases. In this research the definition of service quality provided by Akbaba (2006) and the classification of service quality into the process and outcome quality provided by Gronroos (1984) are used.

Operational definition: In this study, service quality refers to international tourists' perceptions of service quality from their hotel. The LODGSERV scale developed by Knutson, Stevens, Wullaert, Patton, and Yokoyama (1990) with one dimension of service quality developed by Akbaba (2006) was used to measure process quality. The scale developed by Wu and Ko (2013) was used to measure outcome quality. Process quality scales consist of 28 items, measuring six dimensions of process quality: tangible, reliability, responsiveness, assurance, empathy, and convenience. 11 items measure three dimensions of outcome quality: valence, waiting time, and sociability.

Tourist satisfaction

Theoretical definition: A “summary psychological state resulting when the emotion surrounding confirmed or disconfirmed expectation is coupled with the consumer’s prior feelings about the consumption experience” (Oliver, 1981, P. 27). This definition is based on the expectancy-disconfirmation theory that is used in this study.

Operational definition: Tourist satisfaction in this study is defined as the international tourist's overall feeling, which is made from a process of evaluating the quality process and outcome quality in the hotel. The tourist satisfaction scale used consists four items developed by Deng et al. (2013) and Back (2001).

Perceived value

Theoretical definition: “Personal perception of the advantage arising out of the customer's association with the offerings of an organization” (Wu & Liang, 2009).
this study this definition is used to evaluate the perceived value based on the service quality provided by hotels.

**Operational definition:** In this study, perceived value refers to the international tourist' perceived level of process quality and outcome quality relative to the emotive, cognitive, and social/self concept on the hotel. The perceived value scales consists of 12 items, measuring three dimensions: emotive, cognitive, and social/self concept.

**1.7 Organization of the Thesis**

This thesis consists of seven chapters.

Chapter One presented an introduction of the research regarding the international tourists' perceptions of service quality, including process quality and outcome quality and its effect on tourist loyalty in four and five-star hotels in Kuala Lumpur. The introduction section of the related research was provided. The importance, questions, purpose, and contributions of the current study were also described. Finally, definitions of the key terms for each variable were presented.

Chapter Two presents the background of tourism and hotel industry in Malaysia.

Chapter Three is a review of literature related to the service quality (including process and outcome quality), perceived value, satisfaction, and loyalty. It traces back to researches on the related variables, the differences and similarities between loyalty, satisfaction, perceived value, and service quality to newer process models explaining the long-term and short-term consequences of loyalty.

The model and hypotheses are developed in Chapter Four.

Chapter Five elaborates on the research methodology employed by the researcher.

The findings and results of the study are discussed in Chapter Six.

In the seventh chapter, conclusions, recommendations, and directions for future research are presented.
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