CUSTOMER SATISFACTION AND LOYALTY IN PHILIPPINE RESORTS

Ma. Eliza Margarita Enriquez-Magkasi
The Graduate School, University of Santo Tomas and ITHM, Far Eastern University Manila, Philippines

Dr. Rosalia T. Caballero
The Graduate School, University of Santo Tomas Manila, Philippines


ABSTRACT

This study was conducted in class AAA Philippine resorts based on the premise that customer satisfaction and loyalty has a significant relationship to service quality. A self-structured survey questionnaire was constructed and underwent face validity and pilot testing using Cronbach Alpha. Valid survey questionnaires were retrieved from 300 respondents who visited any of the class AAA resorts between 2012 and 2013. Interview with resort managers was conducted to gain additional information. The demographic profile of respondents was identified and customer satisfaction dimensions physical ($\alpha=0.89$), technological ($\alpha=0.72$), human resource ($\alpha=0.94$) and sales and marketing ($\alpha=0.91$) were examined in terms of its relationship to customer loyalty dimensions positive word-of-mouth ($\alpha=0.87$), first-in-mind ($\alpha=0.87$) and repurchase intention ($\alpha=0.70$). With the use of percentage distribution, mean, standard deviation, Pearson’s $r$ and ETA Coefficient, results were obtained. The results showed that majority of the respondents were female young professional with a monthly income of under P40,000.00 whose primary source of satisfaction is the physical dimension of the resort and will spread positive word-of-mouth. Physical and human resource dimensions were given very satisfactory rating in customer satisfaction while positive word-of-mouth ranked the highest among the moderately loyal ranking in customer loyalty. Age and monthly income were found to have significant relationships with customer satisfaction and loyalty while educational attainment and civil status were found to have significant relationships with customer loyalty. Based from the result of specific question summary and interviews the following areas were found to be of high importance to guests to achieve service quality: uninterrupted water supply, being hospitable, having accurate billing statement and options in settling bills, accessibility, availability of personnel, technological advancement, and affordability of the products and services.

Key Words: Philippine tourism, resort, customer satisfaction, customer loyalty, service quality
Introduction

With the various economic problems faced by different countries, tourism is one of the solutions seen to improve their current standing such as Mongolia which is looking at tourism to diversify its economy (www.unwto.org). Moreover, in the recent event of the World Tourism Organization, the participants agreed that tourism can make a significant contribution to the three pillars of sustainable development – economic, social, and environment (Risi, 2012). According to World Tourism Organization, demand for tourism exceeded its forecast for 2013 which signifies that travelling is part of consumer spending wherein primary reasons for travel were leisure, recreation and holidays while mode of transportation of tourist is by air. However, the industry also face challenges such as the preference for a safe and accessible destination with well-developed infrastructure, clean environment, strict compliance with health standards and with high regard to quality service (Cabrini, 2002). Countries like Thailand, Sri Lanka, and India posed problems related to physical, human resource and sales and marketing aspects of tourism destinations (Narayan, 2009).

In the Philippines, according to the Department of Tourism, the increase in tourist arrivals during the months of January to April of 2012 which also contributed to the economic growth of the country was also due to the contribution of the resort industry that offers good facilities, products and services both to foreign and local market (Raquel, 2012). Majority of the visitors were from South Korea, USA, Japan, and China who came to the country to enjoy the holidays, shopping, dining, accommodation and visit to relatives and friends. They were able to know the country because of the positive word-of-mouth marketing and recommendations by the travel agents. Satisfaction is one of the reasons for the continuous increase of tourist arrivals while positive word-of-mouth marketing and recommendations by others can be a sign of loyalty. However, though there was an increase in tourist arrivals, based on World Travel and Tourism Council, only 2% was contributed by the tourism industry to the total GDP of the country. Moreover, the industry contributed 2% to total employment in the country.

The resort industry aims to provide business, leisure and recreation to the guests. Customer satisfaction and customer loyalty can contribute to financial performance of an industry (Gruca & Rego, 2005). A satisfied and loyal guest can contribute to the increase in market share of tourist arrivals in the Philippines and sustainability of the industry. Moreover, an increase in market share can have a domino effect in the Philippine economy, social and environment. For this reason, the resort industry should be able to focus and continuously improve on the attributes that the guests need and experience during their visit such as the physical surroundings, products and services, technologies used and human resource who serves them. However, the resort industry should not stop in satisfying the needs of the guests since a satisfied guest does not guarantee loyalty. Marketing can reinforce their efforts in customer loyalty (Dimitriades, 2006).

To date, very limited academic studies in Philippine resort industry can be found. This was proven by very limited studies found in the tourism industry of the Asia-Pacific region (Narayan
et.al., 2009). Academic studies are very essential in identifying the current status of the industry which can be a source of recommendation that can help the industry.

With the little contribution of the tourism industry, wherein resort is categorized, to the total GDP and employment; challenges faced by the resort industry, and very limited academic studies in the Asia-Pacific region particularly Philippines, the study on customer satisfaction and loyalty in the Philippine resorts was conducted.

**Literature Review**

**International and Local Tourism Industry**

The service industry has been contributing to the economy of the countries wherein tourism is one of its major construct (Narayan et. al., 2009). Tourism, is composed of various sub-industries such as hotels, motels, restaurants, resorts and other recreational facilities which can be further categorized. World Travel and Tourism Council measures direct contribution of travel and tourism to GDP by categorizing various tourism construct into accommodation services, food and beverage services, retail trade, transportation services, and cultural, sports and recreational services.

According to World Tourism Organization, international tourist arrivals grew by 5% during the first semester of 2013 compared to the same period last year which is higher to the forecasted 3 to 4% increase. The growth above expectation signifies that tourism is considered as one of the fundamental factors in socio-economic development which contributes primarily to job creation, economic growth and exports as per UNWTO Secretary-General Taleb Rifai. South-East Asia in particular grew 12% thus contributing to 6% growth in the Asia and the Pacific wherein China led the growth. The primary purpose of visit in 2012 was leisure, recreation, and holidays. Visitor expenditure on accommodation, food and beverages, transportation, shopping and recreation provided employment and development opportunities. In terms of international tourist receipts in 2012, in South-East Asia, Thailand ranked first with 9.3% contribution, followed by Malaysia with 6.3%, Singapore with 5.9%, Indonesia with 2.6%, Vietnam with 2%, and Philippines with 1.2%.

In the Philippines, the service industry is 50%. Based on the Department of Tourism, Philippine tourist arrivals increased from the period January to April 2012, visitors from South Korea was listed as the highest contributing to 22.05% market share followed by visitors from the United States which contributed to 16.02% market share. Visitors from Japan and China followed with 9.21% and 6.78% respectively. Repeat visits from Chinese, Russian, Indian, and Korean visitors were recorded. Koreans ranked the highest in the daily spending which was due to shopping. Americans, Hong Kong Nationals, Russians, Indians and Australians followed who spent mostly on accommodation. More and more visitors are getting information from friends and business associates through word of mouth such as Americans, Japanese, Hong Kong Nationals, and Russians while Koreans, Chinese and Taiwanese solicit information from travel agents.
Resort industry is under the umbrella of tourism industry. World Travel and Tourism Council does not have resort industry but has mentioned cultural, sports, and recreational services. There are different kinds of resort such as in the study of Matzler et. al. (2007) wherein they focused on Alphine Ski Resorts in Europe. The Philippine Department of Tourism defines resort as any place or places with pleasant environment and atmosphere conducive to comfort, healthful relaxation and rest, offering food, sleeping accommodation and recreational facilities to the public for a fee or remuneration. It also categorized the resorts as beach resort for those located along the seashore, inland resort for those located within the town proper or city, island resort for those located in natural or man-made island within the internal waters of Philippine Archipelago, lakeside or riverside resort for those located along or near the bank of a lake or river, mountain resort for those located at or near a mountain or hill, and theme parks. It also has different accreditation ratings based on the location and environment, parking (if applicable), facilities and room accommodation, public washrooms, sports and recreational facilities, convention/conference facilities, and employee facilities. The resorts can be classified as Class AAA being the highest, Class AA, Class A, and Special Interest.

With the continuous growth of tourism industry, both international and local, challenges in the tourism industry cannot be avoided. Though products and services satisfy a need, success still depends on monitoring, continuous improvement and marketing (Narayan, 2009). Tourist prefers to visit destinations which have high regard to safety and security, accessible, has modern infrastructure that follows health standards, clean surroundings, and excellent service (Cabrini, 2002). Based in the study of Narayan (2009) Thailand, Sri Lanka and India are facing various tourism challenges. In Thailand, the prices in using some of the facilities are not comparable to the standards of the establishment. Moreover, lack of interest in human resource development is also remarkable since it affects the ability to enhance tourism activities. Projecting an image as a well-established tourist destination and accessibility of the country are the problems faced by Sri Lanka while India which enjoys good tourism destinations lacks professional marketing, well-maintained surroundings and proper hygiene and sanitation in tourist destinations. In India, the use of English as a medium of communication is another challenge. (CII Report and Recommendations on Tourism Sector, April 2003).

**Customer Satisfaction and Service Quality**

As defined by Olorunniwo et. al. (2006), customer satisfaction can be achieved if the needs of the customers are fulfilled. It is of primary importance to the companies to anticipate and manage the expectations of the customers and show the ability to meet them (Dominici, 2010). Companies which are able to rapidly identify and meet customer needs’, enjoys higher profits than those which fail to identify and meet them (Barksy & Nash, 2003). Signs of satisfaction differ in every customer (Munteanu et. al., 2010).
Studies showed that customer satisfaction is one of the important factors in ensuring business viability, financial success, and growth (Carson, n.d.; Udegbe, et al. 2012) but which was in contrast with the study of Johnston (2010) conducted in the franchise system of Cafes in New Zealand wherein he did not find any relationship between customer satisfaction and financial performance. He mentioned that this may be possible due to tight competition in the industry. Customer satisfaction is the aim of all industries - manufacturing, agriculture or service industry because it is also an important determinant of customer loyalty (Polyorat & Sophonsiri, 2010). Moreover, according to Fornell et al. (2006), a satisfied customer will continue to return thus ensuring revenue. Satisfaction is also the result of the comparison process between expectations and perceived service performance (Kursunluoglu, 2011).

Abdullah & Hamdan (2012), customer satisfaction is important in the industry since this is one of the determining factors whether the guests will come back or refer other guests in the resort. He also said that a satisfied customer may lead to favorable words of mouth while a dissatisfied customer would spread their dissatisfaction which could damage the hotel in many ways. In their study, they used services provided, food and beverages, promotion, and price/fees charges as independent variables in identifying occupancy rate of Malaysian hotel which is the dependent variable. They found out that all independent variables have positive relationship to customer satisfaction and occupancy rate.

Studies in the hotel industry made use of different variables in measuring customer satisfaction. Most commonly used in measuring customer satisfaction is the SERVQUAL developed by Parasuraman, Zeithaml & Berry in 1985 wherein customer satisfaction can be measured through reliability, assurance, tangibility, empathy and responsiveness (Juwaheer & Ross, 2003; Snoj & Mumel, 2002).

Though SERVQUAL is widely used in measuring customer satisfaction, other studies used different variables in measuring satisfaction which is specific to the industry under study.

Burns et al. (2003) used the variables facilities, services, information and experience in assessing the importance and satisfaction ratings in a water-sport recreational facility in US. Alampay (2003) considered dining, lodging, attractions and shopping to measure satisfaction in a Guam destination. Results showed that all the dimensions used have direct effects on the quality of the destination and overall satisfaction. Liao (2012) in Taiwan resort enterprise, personnel service standard, soft hardware equipment, board and lodging, and whole experience were the variables used in measuring customer satisfaction wherein service quality was the prominent factor in customer satisfaction. Raza et al. (2012), service convenience, service consistency and customer need fulfillment were used in measuring customer satisfaction wherein service consistency showed to positive relationship with satisfaction. Noyan & Simsek (2011) found out that store image, customer relationship proneness, and positive affect of retail supermarket in Turkey have significant positive effect to customer satisfaction. Dominici (2010) conducted a case study in Sicily to identify the level of customer satisfaction in a hotel establishment. Five
Positive factors were described by the guests: organization, kid’s club, number of services provided, family atmosphere, and good entertainment while five negative factors were also listed: excursion prices, beach tidiness, insufficient shuttle service, room service, and room tidiness and comfort. Moreover, result showed that guests would like to have a more customized service for specific guest needs. Poon and Low (2005) studied the dimensions of customer satisfaction in a Malaysian hotel. The study revealed that food and beverages, hospitality, recreation, accommodation, entertainment, supplementary services, innovation, security and safety, transportation, value added services, location, pricing, appearance and payment can cause satisfaction or dissatisfaction to guests. In the Philippines, Botones et. al. (2009) revealed in their study at Villa Escudero in the Philippines that guests rated very well the accommodation, food and beverage, recreational, conference room, attractions and services. Comia et. al. (2009) revealed in their study at Caliraya Recreation Center in Laguna that the guests were satisfied in the outdoor, field, and court activities because it has no additional charge. It is good to note that though the research population is small, studies in Philippine resorts are becoming more evident.

Other studies translated SERVQUAL dimensions to fit the industry under study. Souca (2012) used employee-customer responsiveness, reliability in providing the service, and tangibles as the dimensions in measuring customer satisfaction wherein employee-customer responsiveness was the dimension where the distance between customer perceptions and expectations is the greatest and tangible is the smallest while reliability in providing service dimension has a more generous zone-of-tolerance. Juwaheer and Ross (2003) measured the perceptions of hotel guests in Mauritius to identify customer satisfaction. Tangibles, responsiveness, reliability, empathy, food and service related factors, assurance, staff communication skills, room attraction and décor factors, staff outlook and accuracy factors, hotel surroundings and environmental factors and extra room amenities factors were the cause of satisfaction or dissatisfaction of the guests.

Demographic profile of the customers affecting their customer satisfaction is also an important factor in the hotel industry. Abdullah and Hamdan (2012) proved that age, marital status, gender, ethnicity, occupation and monthly income influenced how Malaysians and other foreign guests in Malaysia selected their hotel accommodation. Raza et. al. (2012) proved that in Romania gender has no significant difference in terms of frequency of visit and overall satisfaction while satisfaction varies in different income groups and packages availed. Socio-economic status may also affect customer satisfaction and that of loyalty. In the study of Iyiade (2009), high socio-economic hotel guests in Nigeria might spend more during their stay in the hotel however they are not easily satisfied and thus have low loyalty level.

Studying customer satisfaction with other variables are very prominent. Various studies were conducted to assess the relationship between service quality, customer satisfaction and customer loyalty since service quality efforts of an organization can be measured through customer satisfaction surveys.
Kyle et. al. (2010) used the dimensions interaction quality, physical environment quality and outcome quality dimensions in measuring service quality on customer loyalty of ski resorts in Northern Greece wherein it showed positive relationship. Result showed Polyorat and Sophonsiri (2010) said that service quality is a significant factor to distinguish itself from other competitors and providing a high level of service quality has become an important goal for chain restaurant owners. Khan (2010) indicated that measurement of service quality helps organizations to know their position in the market and come up with strategies to ensure competitiveness.

Looking at the service industry, Tu et. al. (2011) measured the relationship among service quality, customer satisfaction and customer loyalty in a restaurant chain in Taiwan. Through the responses of the customers in the survey conducted, he concluded that service quality significantly affects customer satisfaction (Abbassi et. al., 2011) and customer satisfaction affects customer loyalty. However, his study revealed that service quality does not directly affect customer loyalty. This was in contrast with the study conducted by Mosahab, et. al. (2010) in Iran banks wherein service quality is directly related to customer loyalty. Moreover all service quality dimensions developed by Parasuraman, Zeithaml, and Berry in 1985 were directly related to customer satisfaction and loyalty. This result was in contrast to the study conducted by Polyorat and Sophonsiri (2010) on the link between service quality in customer satisfaction and customer loyalty in Thailand. Result of the customer survey showed that of the five SERVQUAL dimensions, only tangibles and empathy had a direct link to customer satisfaction and loyalty while responsiveness, reliabilities, and assurance did not (El-refae, 2012; Al Khattab & Aldehayyat, 2011). He also mentioned that culture or country played an important role to the result of the study. A different result was obtained in the study of Al Khattab & Aldehayyat (2011) which was conducted in Jordanian hotels. Of the service quality dimensions, only reliability, responsiveness, and assurance was positively related to customer satisfaction while no relationship was found with empathy and tangibility. This really proves that environment, even industry, particularly the services being offered and culture can affect the results of the study.

**Customer Loyalty**

As defined by West et. al. (2010), customer loyalty is the extent to which customers would be willing to choose an alternative over the organization’s offering and given availability; and typical way to measure is through surveys of loyalty.

Customer loyalty in most studies followed after assessing customer satisfaction since repeat customers are very important in the service industry. Customer loyalty is an important factor in the success of the resort like most businesses since retaining customers is more profitable than continually attracting new ones (Polyorat and Sophonsiri, 2010; Reichheld and Detrick, 2003; Eakuru and Mat, 2008.). However, one should not forget that a customer may be satisfied but may not be loyal. That is why marketing and customer satisfaction play an important role in loyalty (Dimitriades, 2006). Customer loyalty can be done through repeat purchase of the
products and services, spread through word-of-mouth its existence or recommending it to other consumers when asked (Fecikova, 2004; Mokhtar et. al., 2011).

Hayes (2009) used number of referrals (word of mouth), purchase again, purchase different products, increase purchase size and customer retention or defection size as objective measures of customer loyalty since according to him, customer loyalty was directly related to financial growth of the company. He also mentioned that customer surveys are still widely used in measuring customer loyalty though the mentioned objective measures were present since companies can easily and quickly gauge the level of loyalty, not all have easy access to the data related to objective measures, and companies can get the feedback in real time since most surveys were answered by the customers during their stay or prior to their departure from the point where they purchase the products or services. He also suggested that there are three types of customer loyalty: advocacy, purchasing, and retention. Advocacy loyalty index reflects the degree to which customers will be advocates of the company. Usual questions are overall satisfaction, likelihood to choose again for the first time, likelihood to recommend, and likelihood to continue purchasing same products/ services. Purchasing loyalty index reflects the degree to which customers will increase their purchasing behavior. Usual questions are likelihood to purchase different products/ services, likelihood to purchase more expensive products/ services, likelihood to increase amount of purchases, and likelihood to make larger purchases. Lastly, retention loyalty index reflects the degree to which customers will remain with a given company. Questions in these dimensions are likelihood to purchase from competitor, likelihood to stop purchasing, and likelihood to switch to a different provider.

In the study of Boonlertvanich (2011), variables repurchase intention, word-of-mouth- and first-in-mind were used to gauge customer loyalty in the banking industry of Thailand. This was based from the adapted survey used by other authors. Repurchase intention, word-of-mouth and first-in-mind can be comparable to the advocacy loyalty index wherein there is the likelihood to recommend and continue to purchase the same products or services. The research sampling and data collection in the study of Boonlertvanich (2011) was that only customers who have at least received recent service from the commercial bank (at least once within the last three months) and have at least one product holding with this bank. A cluster sampling method was used in selecting 10 provinces within Bangkok. As a result, customer perceived value has a greater overall impact on customer loyalty than customer satisfaction. Kursunluoglu (2011) also made use of advocacy loyalty index in measuring customer loyalty through the use of customer loyalty scale developed by Oliver in 1997, questions such as how likely are you to do most shopping for items at this store, recommend this store to friends, relatives and neighbors and shop at this store the very next time to buy items pertain to advocacy loyalty index. The study was conducted in Turkey shopping centers. Results showed that customer service plays an important role in customer loyalty. In the study conducted by Curtis, et. al. (2011) which was a meta-analysis of independent researchers, loyalty and repurchase or repurchase intention, which is also comparable to advocacy loyalty index, has a positive relationship.
There are three suggested dimensions to study customer loyalty: behavioral approach, attitudinal approach, and composite approach (Mokhtar et. al., 2011; Kursunluoglu, 2011). Behavioral loyalty is measured using the past purchases of the same items or by measuring the possibility of availing the same items in the future (Bandyopadhyay and Martell, 2007). Behavioral approach sees loyalty as a way of behavior wherein there is repeat purchases. However, it does not guarantee that all purchases are because of loyalty. Other factors may affect the buying behavior such as prices, proximity, or other situations that causes the repeat purchases (Mokhtar et. al., 2011; Kursunluoglu, 2011).

Attitudinal approach is psychological and sensation oriented wherein loyalty was seen as a personal attitude where different emotions play role in the loyalty of customer in the product, service, or store. The attitudinal approach measures customer loyalty through positive expressions, priority preference, and support to a particular product (Kim et. al., 2004). In the study of Ball et. al. (2004) in the banking industry, loyalty was explained through satisfaction, trust, communication, quality and image. Trust is one important factor in customer loyalty since through trust they become attached to the product or service or the brand.

Lastly, composite approach is a summation of attitudinal and behavioral approach wherein loyalty was measured based on customer’s product preferences, inclination to change brand, repeat purchase, and amount or number of items purchased.

Other studies were conducted using the dimensions of loyalty. Suhartanto et. al. (2011) in the study of the hotel industry of Indonesia used attitudinal, behavioral and conative loyalty in measuring brand loyalty. Results showed that customers’ intention to purchase was based on attitudinal loyalty than by service evaluations such as satisfaction, quality and perceived value as suggested by Akbar et. al. (2010), Boonlertvanich (2011), Yang and Peterson (2004), and Tu et. al. (2011). Moreover, attitudinal loyalty is a powerful determinant of conative loyalty and behavioral loyalty. This study was in contrast with the results of Cheng (2011) in the Telecommunications industry in Korea wherein results showed that behavioral loyalty was slightly superior to the attitudinal loyalty model on the factor of switching cost. Boora and Singh (2011) studied the antecedents of customer loyalty wherein satisfaction, trust, commitment, communication, and conflict handling are important to maintain loyalty and profitability.

**Research Methodology**

Descriptive-correlation design was utilized in this study to identify whether a correlation between customer satisfaction and customer loyalty exists. A self-structured questionnaire was developed by the researcher which underwent face and content validity and pilot testing. Dimensions used in measuring customer satisfaction (physical, technological, sales and marketing, and human resource) were based on the accreditation standards of the Department of Tourism and summary of previous studies while dimensions used in measuring customer loyalty (positive word-of-mouth, first-in-mind, and repurchase intention) were adopted from previous
studies (Boonlertvanich, 2011; Yang and Peterson, 2004; Hee-Su and Yoon, 2004). Below are the Cronbach Alpha per dimension using PSPP taking 0.70 as the measure of reliability:

**Table 1: Customer Satisfaction**

<table>
<thead>
<tr>
<th>Subscale</th>
<th>Items</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Dimension</td>
<td>16</td>
<td>.891</td>
</tr>
<tr>
<td>Technological Dimension</td>
<td>6</td>
<td>.719</td>
</tr>
<tr>
<td>Sales and Marketing Dimension</td>
<td>13</td>
<td>.909</td>
</tr>
<tr>
<td>Human Resources Dimension</td>
<td>15</td>
<td>.935</td>
</tr>
</tbody>
</table>

**Table 2: Customer Loyalty**

<table>
<thead>
<tr>
<th>Subscale</th>
<th>Items</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Intention</td>
<td>5</td>
<td>.702</td>
</tr>
<tr>
<td>Positive Word-of-Mouth</td>
<td>6</td>
<td>.869</td>
</tr>
<tr>
<td>First-in-Mind</td>
<td>7</td>
<td>.866</td>
</tr>
</tbody>
</table>

The final questionnaire was consist of 3 parts: demographic profile of respondents which consist of age, gender, civil status, educational attainment and monthly income; customer satisfaction survey following the dimensions and number of items per dimension stated in Table 1; and customer loyalty survey following the dimensions and number of items per dimension stated in Table 2. The respondents were asked to indicate their responses using a 4-point rating scale wherein SD means Strongly Disagree, D means Disagree, A means Agree and SA means Strongly Agree.

Due to time constraints, only 412 respondents who visited any of the 40 accredited class AAA resorts in the Philippines between 2012 and 2013 were asked to participate in the survey. Survey questionnaire was sent through personal email of the identified respondents while personal administration was conducted on group of respondents. After receiving 300 valid questionnaires, it underwent data analysis. However, prior to achieving the said valid questionnaires, 26 were found to be spoiled due to missing answers. Some 14 (35%) resort managers participated in an interview for additional information and to verify results of the survey.

**Results and Discussion**

In identifying the profile of the respondents, frequency and percentage distribution was used. According to age, majority of the respondents are young professionals who belong to age 26-35 (35.4%). This was followed by the age group 16-20 (15.3%) who declared no income but are visiting class AAA resorts with family, friends, and/or relatives. Female respondents (54%) were slightly higher than male respondents (46%) while married respondents (49.67%) were slightly higher than single respondents (48.67%). Majority of the respondents indicated that they were college graduates or in the collegiate level (78%) who receives a monthly income below P40,000.00 (25%).
In assessing the level of customer satisfaction in terms of physical, technological, human resource, and sales and marketing dimensions, mean and standard deviation was used. A mean of 1.00 to 1.49 was translated to be very dissatisfied; 1.50 to 2.49 as dissatisfied; 2.50 to 3.49 as moderately satisfied; and 3.50 to 4.00 as very satisfied.

The respondents were very satisfied on the physical dimension of the resort with a mean of 3.54 and 0.47 standard deviation. Particularly, the continuous water supply ranked the highest with very satisfied rating of 3.67 mean and 0.52 standard deviation. This was followed by clean, well-lighted, and well-ventilated hotel room with very satisfied rating of 3.63 mean and 0.52 standard deviation. Room with complete amenities; clean, well-lighted and well-ventilated common comfort rooms; hotel room big which is big enough to the specified type of room; clean and safe resort facilities and surroundings; well-lighted and easy to find reception; safety of the guests in terms of location, lay-out and design of the resort; clean and spacious food outlet and inviting appearance of the resort had very satisfied rating from the respondents. The respondents were moderately satisfied with the use of modern facilities of the resort; completeness of the facilities, supplies and amenities that a guest need, availability of safe and enough parking space, and resort accessibility. Resort accessibility got the lowest mean of 3.36 with standard deviation of 0.72. The results support the tourist preferences mentioned by Cabrini (2002) such as high regard to safety and security, accessibility and clean surroundings. The results also support the previous studies wherein lodging, security and safety, location, appearance, hotel surroundings, and tangibles can cause customer satisfaction (Alampay, 2003; Burns, et. al., 2003; Juwaheer and Ross, 2003; Poon and Low, 2005; Botones et. al., 2009; Kyle, et. al., 2010; Souca, 2012;). Based on the interview conducted, the guests will only stay in the resort for sleeping and bathing. Most of the time was spent outside for tourism-related activities and visit to relatives and friends. Thus, ensuring that the guests will be provided with their needs during their short stay in the resort is the top priority. Modernization of hotel rooms was also one of the issues as per resort managers. However, renovation cannot be easily done since large amount is at stake. In terms of accessibility, resorts cannot think of ways to address the issue since they are really located outside the busy life of city area. Instead, they can only think of ways on how to make the travel fun and exciting such as offering hotel transfers with a minimal fee. Moreover, the resorts have satellite offices in Manila and have a website to make inquiries and reservations easy.

The respondents were moderately satisfied with the technological dimension with a mean of 3.40 and standard deviation of 0.54. Accurate billing statement because of the technology used got a very satisfactory level with 3.56 mean followed by fast and easy check-in and check-out process with a mean of 3.53. Respondents were moderately satisfied with rooms equipped with modern technologies, computer and other technologies used by the resort personnel, security camera inside the resort and the least is the enhancement of the technologies in the resort with a mean of 3.04. The result supports other studies wherein reliability in terms of error-free service, soft and hardware equipment, and use of technologies were the sources of satisfaction (Mateo, 2007; Juwaheer and Ross, 2003; Liao, 2012). On the interview conducted, one of the requirements of
being a class AAA is to ensure that guests will be checked in or checked out within 3 to 5 minutes. Moreover, resort managers claimed that services of the resorts will be felt initially in the check-in process. Once the guest is not satisfied with the check-in process, there is a possibility that the guest will not be satisfied during the entire stay or until check-out. That is why, they ensure fast and accurate service during the check-in and check-out process and this is made by ensuring proper use of technology with the best human resource in place.

The respondents were moderately satisfied with the sales and marketing dimension. Respondents were very satisfied with the options in paying the bills such as credit card or cash wherein it ranked highest with a mean of 3.55 followed by availability of room service when needed with 3.52 mean. The respondents were moderately satisfied with advertisement of events and activities in the resort, availability of discounts and promotions, availability of resort brochures, food outlet which is complete with affordable and delicious meals, visible resort signages, and price of rooms and use of facilities. The respondents were dissatisfied with the insufficient knowledge of the resort personnel in products and services (2.36 mean) as well as in the limited facilities and services offered (2.21 mean) which meant that for the respondents the resort personnel has sufficient knowledge of their products and services and the resort has variety of facilities and services to offer. The results support Narayan (2009) wherein success still depends on continuous improvement and marketing. Monthly income earners of below P40,000.00 were moderately satisfied with the affordability of the products and services which was comparable in Thailand wherein price of the use of facilities is one of the challenges faced by the resort industry (Narayan, 2009). Thus, the results support studies wherein prices of products and services, marketing, and store image can cause satisfaction (Noyan & Simsek, 2011; Dominici, 2010; Narayan, 2009). In an interview a manager said that there are really guests who will pay silver yet will expect gold in return. Most of the guests who were like these were Filipinos who are “balik-bayans”. They do not stop comparing resorts in other countries. Another manager argued that the prices offered were commensurate to the facilities and services that they offer that is why changing the price is not one of the options. Most of them ensured, however, that promotions are available at all times.

The respondents were very satisfied with the human resource dimension. Hospitable, approachable, and friendly personnel ranked highest with a mean of 3.59 followed by resort personnel who are courteous, responsive and attentive with a mean of 3.57. Respondents were also very satisfied with customer-oriented and trustworthy personnel who are well-groomed, enough security personnel that are courteous and helpful, personnel who maintain cleanliness of the surroundings, and personnel who assist guests with the luggage. Respondents were moderately satisfied with personnel who can answer their questions and concerns and who wears proper uniform and identification while availability of personnel who can inform the guests of the available products and services ranked the least. The results of the survey support other studies wherein empathy, responsiveness, assurance, employee-customer responsiveness, staff communication skills, staff accuracy factors and outlook, personnel service standards and service
consistency can cause satisfaction (Raza et. al, 2012; Cabrini, 2002; Liao, 2012; Poon and Low, 2005; Juwaheer and Ross, 2003). Resorts would like to be known as the best in terms of hospitality especially Filipinos are known for giving sweet smile to everybody. Thus, continuous trainings of human resource and hiring of qualified personnel is done by the resorts.

In measuring the relationship of demographic profile of the respondents and customer satisfaction Pearson’s R Correlation was used. Significant relationship exist at 0.05 level (two-tailed). Results showed that age and monthly income have a significant relationship with all the dimensions of customer satisfaction (Abdullah and Hamdan, 2012). Civil status was not found to have significant relationship with sales and marketing dimension of customer satisfaction while educational attainment was only related to technological and sales and marketing dimensions.

Based from the interview, the resorts offer the same products and services to all guests, regardless of civil status. But they single and married guests differ in terms of physical, human resources and technologies they look for in a resort. A single guest tend to look for physical facilities related to activities they can enjoy while married guests usually with kids look for facilities for the kids to enjoy; support of the employees and technologies used in keeping the kids of married people safe and satisfied is the primary consideration of married people unlike single who are mature enough and the need for human resource is less. Furthermore, educated, well-travelled and experienced guests are very particular in terms of technologies used to enhance the services of the resort as well the amount of the products and services they pay. They never stop comparing the products and services in other resorts in the country and even in other countries that they have visited. Sometimes they would even pay for a silver and expect gold in return, as per the resort manager. Physical and human resource dimensions did not have relationship with education since they know that a class AAA resort was accredited as such because of the facilities and human resource it has.

No significant relationship exists between customer satisfaction and gender (Raza et. al., 2012) which is in contrast to the study of Abdullah and Hamdan in Malaysian Hotel (2012).

When grouped according to monthly income, results showed that it has significant relationship with all the dimensions of customer satisfaction (Abdullah and Hamdan, 2012). Level of satisfaction is higher for those who are earning high. They would even pay extra just to get the best product and services. Thus, the null hypothesis was rejected.

In assessing the level of loyalty in terms of dimensions repurchase intention, positive word-of-mouth, and first-in-mind, mean and standard deviation was used. A mean of 1.00 to 1.49 was translated to be very disloyal; 1.50 to 2.49 as disloyal; 2.50 to 3.49 as moderately loyal; and 3.50 to 4.00 as very loyal.

Respondents were moderately loyal in all the dimensions of customer loyalty wherein positive word-of-mouth has the highest mean of 3.35 with standard deviation of 0.56 followed by first-in-mind which has a mean of 3.22 then lastly repurchase intension with a mean of 3.05.
### Table 3: Relationship between Demographic Profile and Customer Satisfaction

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Age</th>
<th>Gender</th>
<th>Civil Status</th>
<th>Education</th>
<th>Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>.34*</td>
<td>-0.02</td>
<td>.20*</td>
<td>.16</td>
<td>.35*</td>
</tr>
<tr>
<td>Technological</td>
<td>.33*</td>
<td>-0.01</td>
<td>.18*</td>
<td>.26*</td>
<td>.39*</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>.25*</td>
<td>-0.03</td>
<td>.11</td>
<td>.20*</td>
<td>.35*</td>
</tr>
<tr>
<td>Human Resource</td>
<td>.32*</td>
<td>-0.03</td>
<td>.25*</td>
<td>.16</td>
<td>.36*</td>
</tr>
</tbody>
</table>

**Interpretation**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Age</th>
<th>Gender</th>
<th>Civil Status</th>
<th>Education</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Intension</td>
<td>.26*</td>
<td>-0.02</td>
<td>.18*</td>
<td>.17*</td>
<td>.32*</td>
</tr>
<tr>
<td>Positive Word-of-Mouth</td>
<td>.34*</td>
<td>-0.04</td>
<td>.22*</td>
<td>.18*</td>
<td>.43*</td>
</tr>
<tr>
<td>First in Mind</td>
<td>.35*</td>
<td>-0.03</td>
<td>.24*</td>
<td>.18*</td>
<td>.43*</td>
</tr>
</tbody>
</table>

**In the dimension positive word-of-mouth, facilities and amenities, and products and services had the highest mean of 3.43 followed by courteous and accommodating personnel with a mean of 3.42. Good marketing campaign, accessibility of the resort and promotions got the lowest mean with 3.30, 3.26 and 3.22 respectively. It follows that guests who were satisfied with the physical and human resource dimensions will spread positive word-of-mouth.**

### Table 4: Relationship between Demographic Profile and Customer Loyalty

<table>
<thead>
<tr>
<th>Factors</th>
<th>Age</th>
<th>Gender</th>
<th>Civil Status</th>
<th>Education</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchase Intension</td>
<td>.26*</td>
<td>-0.02</td>
<td>.18*</td>
<td>.17*</td>
<td>.32*</td>
</tr>
<tr>
<td>Positive Word-of-Mouth</td>
<td>.34*</td>
<td>-0.04</td>
<td>.22*</td>
<td>.18*</td>
<td>.43*</td>
</tr>
<tr>
<td>First in Mind</td>
<td>.35*</td>
<td>-0.03</td>
<td>.24*</td>
<td>.18*</td>
<td>.43*</td>
</tr>
</tbody>
</table>

**In the dimension positive word-of-mouth, facilities and amenities, and products and services had the highest mean of 3.43 followed by courteous and accommodating personnel with a mean of 3.42. Good marketing campaign, accessibility of the resort and promotions got the lowest mean with 3.30, 3.26 and 3.22 respectively. It follows that guests who were satisfied with the physical and human resource dimensions will spread positive word-of-mouth.**
In the dimension first-in-mind, the respondents would recall first the hospitable personnel followed by resort’s facilities and amenities with a mean of 3.38 and 3.36 respectively. This was then followed by the products and services offered with a mean of 3.28, accessibility of the resort and promotion with a mean of 3.21, and inviting signages with a mean of 3.19. The least that a respondent would recall is the affordability of products and services with a mean of 2.93. It is understood that a monthly income earner of below P40,000.00 would view the price of class AAA resorts as expensive. But nonetheless, they would like to experience it.

In the dimension repurchase intention, visit to the same resort in the future because of its friendly, accommodating, and service-oriented personnel had the highest mean of 3.47 followed by facilities and amenities which had a mean of 3.39, location which had a mean of 3.36, and exciting promotions which had a mean of 3.15. The respondents were disloyal to the unintended revisit because of the same products and services which meant they have the intention to revisit though the products and services are the same. The repurchase intention was not because of the promotions or price of the products and services but the hospitable personnel. Also, since affordability is an issue, the repurchase intention ranked least because it entails cost on the part of the guest compared to positive word-of-mouth and first-in-mind wherein there is not cost in doing so on the part of the guest but might still increase sales and market share of the resorts.

Age, civil status, educational attainment, and monthly income was found to have significant relationship with repurchase intention, positive word-of-mouth and first-in-mind while gender was not related to customer loyalty since group loyalty is formed not as an individual loyalty. Based from the interview, unlike hotels in the city, the guests visit resorts primarily for leisure and recreation. Return to the same resort is based on the experience of the group and not as an individual since all the time they are with the group.

In measuring the relationship between customer satisfaction and customer loyalty, Pearson’s R Correlation was used. Significant relationship exists at 0.05 level (two-tailed). This study revealed that customer satisfaction and customer loyalty has significant relationship. The results support other studies conducted in the hospitality industry (Tu et. al, 2011; Abbassi et. al., 2011). Moreover, resort managers are aware that satisfied guests come back or refer other friends or relatives.

The satisfied guest in the physical, human resource, and technological dimensions will spread positive word-of-mouth regarding the resort that they have visited while those who were satisfied with the sales and marketing will have the resort first-in-mind. Note that through positive word-of-mouth, potential visit from friends of the guests might follow while repurchase intention is the possibility of the guest to revisit the same resort. This connotes increase in sales and market share on the part of the resort.
Table 5: Relationship of Customer Satisfaction and Customer Loyalty

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Repurchase Intension</th>
<th>Positive Word-of-Mouth</th>
<th>First in Mind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical</td>
<td>.63*</td>
<td>.71*</td>
<td>.63*</td>
</tr>
<tr>
<td>Technological</td>
<td>.55*</td>
<td>.65*</td>
<td>.63*</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>.68*</td>
<td>.71*</td>
<td>.72*</td>
</tr>
<tr>
<td>Human Resource</td>
<td>.68*</td>
<td>.78*</td>
<td>.70*</td>
</tr>
</tbody>
</table>

**Interpretation**

Significant

**Decision**

Reject H0

**Conclusions and Recommendations**

The study proved that in the Class AAA resort industry of the Philippines customer satisfaction has significant relationship with customer loyalty. The same result was also obtained from the interviews. Moreover, age and monthly income have significant relationship to both customer satisfaction and loyalty while civil status and educational attainment have significant relationship to customer loyalty.

Majority of the respondents were female young professionals whose monthly income is below P40,000.00. Though it is good to note that P40,000 to P60,000 income earners were not far behind. Specifically, majority of the respondents belong to age group 26-35 (35.4%), followed by 16-20 years old who declare no income but are visiting class AAA resort with the families, relatives, and/or friends. Married respondents (50%) are almost equal to single respondents (49%). Most of the respondents are college graduates or in the collegiate level.

Guests were very satisfied with the physical and human resource dimensions while moderately satisfied with technological and sales and marketing dimensions. The resort industry should continue offering uninterrupted water supply, having hospitable personnel, and providing accurate bill with options in paying bills but must improve in terms of accessibility, availability of personnel, technological advancement and affordability of products. The guests were moderately loyal in all the dimensions of customer loyalty. However, it is good to note that positive word-of-mouth ranked the highest while repurchase intention ranked the least. Guests will spread positive word-of-mouth on the facilities, amenities, products and services of the resort, will have the resort first-in-mind because of the hospitable personnel, and has the intention to revisit because of its friendly, accommodating and service-oriented personnel. Affordability and promotions were given the lowest ranking in loyalty. Competitive rates and promotions should be present at all times to increase sales and market share. Though the guests
were very satisfied with the physical and human resource dimension, it revealed that guests were moderately loyal in the resort. It implies that guests who receive a monthly income of below P40,000 or middle income earners would save just to experience the products and services of a class AAA resort. However, there is no assurance of return visit since affordability is one of the issues. Moreover, it is expected that a class AAA resort should have the best physical facilities as well as human resource to pass the accreditation of the Department of Tourism. Thus, the result of the survey proves that class AAA resorts deserve their accreditation.

With the results, the resorts should be able to continue having uninterrupted water supply, hospitable personnel, fast and accurate billing statement, and options in paying bills. However, in order to improve loyalty, the resorts should be able to focus on the accessibility, availability of personnel at all times, modernization of facilities, and affordability issues.

Based on the interview, this was the first time that a study on customer satisfaction and loyalty was conducted in their resort. Some of the resorts would like to participate in the study given the right timing since the effect of customer satisfaction and loyalty in their operations is financial stability or revenue generation. However, they cannot assure that guests will answer the survey during their stay since even the satisfaction survey of the resort inside the guest room was not even accomplished by the majority of the guests. Thus, it is recommended that resorts should consider short and brief survey instrument which can be accomplished during the check-out process. Also, consider becoming a member of the online review site which is commonly used by the previous guests in giving their comments and suggestions. Lastly, every website should have a comment and suggestion part wherein guests will be reminded to visit during their free time. Frequent reminder in their personal email will also be helpful in soliciting comments and suggestions during their stay.

Studies related to the effectiveness of online survey as well as paper and paper survey can be conducted by future researchers in the field of tourism since there are very limited studies in the industry. Moreover, a parallel study on the different classifications of resorts can also be conducted.

References


CII Report and Recommendations on Tourism Sector, April 2003.


www.grandsierraresort.com
www.tourism.gov.ph
www.unwto.org
