CUSTOMER LOYALTY IN BUDGET HOTEL

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QIU YUETING

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LOYALTY IN BUDGET HOTEL

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Author: **QIU YUETING**

Student NO: **I17012491**

Supervisor: **Ms. Kumarashvari Subramaniam**

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STUDENT'S DECLARATION

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

Name: QIU YUETING

Student ID: I17012491

Signature: 邱月婷

Date: 15 August 2018

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ABSTRACT

The hotel industry contributes significantly to Gross Domestic Production. Furthermore, its contribution is increasingly year by year. Out of hotel industry, budget or economic hotels has developed rapidly and profoundly. However, they face the challenge of fierce competition since the number of budget hotels are raising from 2006 to 2016. In addition, the competition from Airbnb also can not be ignored. Under intense competition, it is critically important for budget hotels to remain a sustainable customer loyalty. The research chooses Beijing to determine the factors influencing customer loyalty towards budget hotel since Beijing is not only the capital of China, but also the economic, cultural and military centre of China. Furtherly, the research investigates how service quality with SERVQUAL, switching cost, and perceived value influence customer loyalty towards budget hotel in Beijing, China based on Hanting Hotel. Home Inns, Super 8 and 7 days in Dong Cheng, Xi Cheng, Chao Yang, Hai Dian and Feng Tai districts. In addition, the research is also aimed at investigating the prominent factor that can influence customer loyalty over budget hotel in Beijing, China. There are 200 customers of these four hotels being selected for the study. In terms of service quality, by use of the SERVQUAL model through survey questionnaire and interviews, the study reveals that "tangibility, reliability, responsiveness and empathy" have a significantly positive influence on customer loyalty towards budget hotel in Beijing, China. However, this is significantly negative relationship between "assurance" and customer loyalty over budget hotel in Beijing, China. Moreover, perceived value can positively contribute to customer loyalty. Nevertheless, this is no significant relationship between switching cost and customer loyalty over budget hotel in Beijing, China. The study recommends that budget hotels should focus on service quality and perceived value with improving facilities, increasing service awareness of employees and providing individual attention and customised services

Key Words: Budget Hotel, Beijing, Customer Loyalty, Service Quality, SERQUAL, Switching cost, Perceived Value

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LIST OF ABBREVIATIONS

A:	Agree
ANOVA:	Analysis of Variance
CL:	Customer Loyalty
D:	Disagree
DV:	Dependent Variable
et. al.:	et alias (and others)
etc.:	Et cetera (and so on)
GDP:	Gross Domestic Production
H:	Hypothesis
IBM:	International Business Machine
i.e.:	id Est (that is)
IVs:	Independent Variables
KMO:	Kaiser-Meever-Olkin
N:	Neutral
PV:	Perceived Value
RO:	Research Objective
RQ:	Research Question
SA:	Strongly Agree
SC:	Switching Cost
SD:	Strongly Disagree
SERVQUAL:	Service Quality
Sig.:	Significance
SPSS:	Statistical Package for the Social Science
SQ:	Service Quality
TRA:	The Theory of Reasoned Action
USD:	US Dollars

CHAPTER I

INTRODUCTION

1.0 Overview

This chapter illustrates an overall perspective of selected research topic beginning with the overview of chapter one and it is followed by research background. Next, this part demonstrates the problem statement of this study to identify the existing gaps among previous research information. Moreover, the chapter provides the research objectives and research questions linked to research objectives. Subsequently, scope, significance and limitations of the study will be discussed in this chapter as well. Furthermore, this chapter provides the operational definitions of terms related to the study. Finally, this chapter ends up with outline or organisation of chapters.

1.1 Background of Study

According to the statistics from report of the World Travel and Tourism Council (2017), the world has witnesses a rapid development of tourism industry (refers to Figure 1). The rapid growth of Chinese tourism indystry might be caused by the strong growth of its economy as well as the improvement of Chinese people's material conditions, and the higher demands of living quality, thus the tourism consumption became a significant way to relax. For another thing, the rapid development of transportation facilities such as airports and highway constructions also make both domestic and international tourism more convenient.

Figure 1: Direct Contribution of Travel & Tourism to GDP
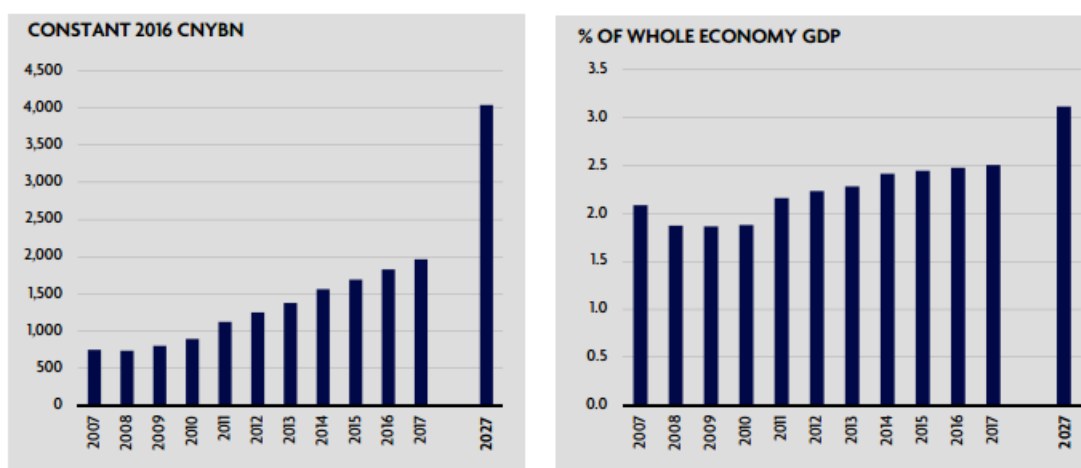
Source: World Travel and Tourism Council (2017)

In addition, this robust growth for tourism sector of China has driven the growth of hospitality and hotel industries since this rapid development of tourism industry will bring a large number of tourists and travellers come to China (Subramanian, Gunasekaran, and Gao, 2016). From 2012 to 2017, the hotel industry has reached 64.8 billion USD with the averaged growth of 9.5 percent (IBIBWorld, 2017). Moreover, a large number of tourists is also the prerequisite of the rapid development of Chinese budget hotels (WenKu, 2012). Further to this, the number of the budget hotels in China has increased between 2006 and 2016 (refers to Figure 2).

Figure 2: Growth of Budget Hotel in China
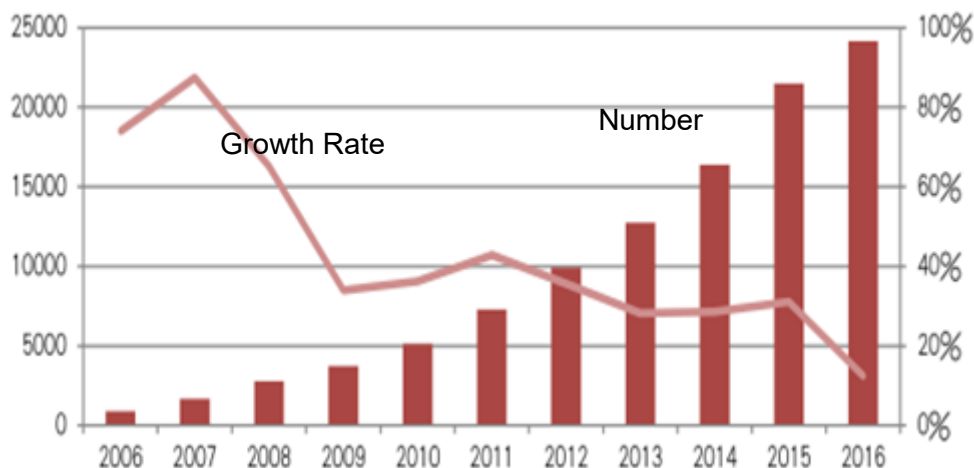
Source: Chyxx.com (2017)

According to Ahmad, Ibrahim, and Raof et. al. (2016) budget hotels are small and middle-sized hotels that are aimed at guests being small as well as middle business persons, normal travellers, tourists travelling by themselves. Budget hotels provide service with a cheap price in 30-40 USD per room per night within such limited facilities as single bed, water bottle, and iron board. Some hotels such as Super 8, 7 days, Home Inns, and Hanting Hotel are budget hotels.

Cheap price is the most important characteristics of budget hotel. In addtion, budget hotel's model of "b & b" (bed and breakfast) is also an important characteristic.

Figure 3: Growth of Budget Hotel ($)
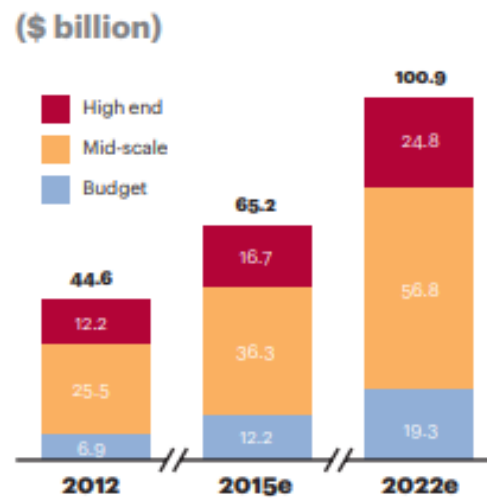
Source: Goh, Gan, and Kim (2013)

Budget hotel with a strong potential for long-term growth is the young growth industry of hotlel industry in China. In addition, it is predicted that the income of budget hotels will increase to 19.3 billion USD in 2022 (refers to Figure 3). Therefore, budget hotels has a positive prospect.

1.2 Problem Statement

Hotel industry has changed for the better day by day, and month by month (Khan, 2013). In last several years, hospitality industry has experienced fierce competition in China (Wong and Wickham, 2015). In addition, the tremendous growth of the accommodation services such as budget hotel has taken place because of the booming tourism industry (Almeida, 2017). Therefore, intense competition is going to face the budget hotels (Gu, Ryan, and Yu, 2012). And the competition is not only from the star-hotels but also from other type of accommodation such as homes in Airbnb which is a website to book homes in local countries since the price is lower than budget hotels. For hotel industry, building up customer loyalty is one of two strategies in getting competitive advantages (Msallam and Alhaddad, 2016).

Under the intense competition, it is critically significant for service organisations including budget hotels to obtain sustain loyal customers since there exists a strong linkage between customer loyalty and higher profitability of organizations by customers' repurchase of the product or service (Hasan, Kiong, and Ainuddin, 2014).

The study of Du and Tang (2014) showed that customer loyalty plays a more important role compared with market share in increasing the profits. Customer loyalty is crucial because Aliabadi, Navid, and Namamian (2013) announced that it largely contributes to the survival and improvement of companies. For hotel managers, building up customer loyalty is one of two strategies in getting competitive advantages (Msallam and Alhaddad, 2016).

Based on the table below (Table 1), a conclusion can be drawn that different researchers suggest different factors that can influence customer loyalty in hotel industry in both China such as Xi'an and other countries such as Kenyan. However, there is lack of literatures investigate factors influencing customer loyalty in the context of Beijing, China in terms of budget hotels. Moreover, the factors that can influence the loyalty of customers are not fixed or based on the different contexts. Therefore, firstly, the research is to find out the factors influencing customer loyalty in budget hotel in Beijing, China.

Table 1: Factors Researched by Different Researchers

Researches	Components
Poku, Zakari, and Soali (2013)	Service quality and satisfaction
Sha and Zou (2012)	Based on perceived value
Shi (2013)	Brand image, perceived value, perceived quality
Msallam and Alhaddad (2016)	Customer satisfaction, trust on hotel and affective commitment
Tefera and Govender (2017)	Service quality and customer satisfaction
Stan, Caemmerer, and Jallet (2013)	Image perceptions, service quality, switching cost, and customer satisfaction
Yasin, Jamontaite, Ahmedova, and Akin (2017)	Brand personality
Yin and Shen (2017)	Switching cost and perceived value

According to Khizindar, Azzam, and Khanfar (2015), service quality has the strongest influence on customer loyalty compared to price, brand image and trends. In addition, Hafez and Akther (2017) also stated that quality of service was tested as the most important determinant for customer's loyalty. Nevertheless, Sulibhavi and Ashankar (2017) supported that perceived value is the prominent influencer which could influence customer loyalty. Moreover, the study of Muturi, Omwenga, and Owino (2017) also showed that perceived value has the most significant influence of customer loyalty. Tamuliene and Gabryte (2014) have supported that the most significant influencer of customer loyalty is idetified as switching cost. However, as stated by Afande and John (2015), price is the most crucial factor that influencing customer loyalty. The prominent factor of customer loyalty is also different bansed on different palces and cultures. Therefore, secondly, the study is to find out the prominent factor that can influence customer loyalty in Beijng, China.

1.3 Research Objectives

Research objectives, the goals to be gone in through undertaking research, should be the first step for the research process (Zikmund, Babin, and Carr et. al., 2010). As cited in Collis and Hussey (2014), general aims and objectives ought to be given in this research to explain the objective of this research.

1.3.1 Broad Objective

The broad or general objective of this study is to find out the influential factors and the prominent factor that can influence customer loyalty in budget hotel in Beijing, China.

1.3.2 Specific Research Objectives

According to the stated broad research objective, the specific research objectives are shown in the following session:

RO$_1$: To determine the relationship between service quality towards SERVQUAL and customer loyalty in budget hotel in Beijing, China.

RO$_2$: To determine the relationship between switching cost and customer loyalty in budget hotel in Beijing, China.

RO$_3$: To determine the relationship between perceived value and customer loyalty in budget hotel in Beijing, China.

RO$_4$: To determine the prominent factor that can influence customer loyalty in budget hotel in Beijing, China.

1.4 Research Questions

Research questions, found in all models in quantitative researches consisting of surveys, are the sharply crucial process in a research since research questions focus on the purpose statement and rephrase the purpose in specific questions settled by the research (Creswell, 2014). Furthermore, a research question is significant for developing a clear aim and objective which are inevitable associated (Doody and Bailey, 2016).

In accordance with Cooper and Schindler (2014), the research questions ought to be developed with the research objectives proposed previously, which are concrete, relevant and easy to be identified, and help researcher to achieve the research objectives.

There are four specific research questions as follows linked to the research objectives above to find out and settle the problems and challenges facing budget hotel in Beijing, China. These research questions are going to be the main guidance to develop hypotheses.

RQ1: Is there any relationship between service quality towards SERVQUAL and customer loyalty in budget hotel in Beijing, China?

RQ2: Is there any relationship between switching cost and customer loyalty in budget hotel in Beijing, China?

RQ3: Is there any relationship between perceived value and customer loyalty in budget hotel in Beijing, China?

RQ4: Which is the prominent factor that can influence customer loyalty in budget hotel in Beijing, China?

1.5 Scope of Study

This research particularises in the factors which can influence customer loyalty towards budget hotel industry in Beijing, China. In detail, this study is aimed at ascertaining the influence of service quality, switching cost as well as perceived value on customer's loyalty in Beijing, China.

The data is collected from the targeted participants (determined via non-probability approach) who stay in the budget hotels in Beijing, China. The researcher selects Beijing as the location because China is too large and Beijing is the capital, and the economic, political and military centre of China (China Travel, n.d.).

Furtherly, questionnaires will be distributed among 4 brands of budget hotels in 5 districts of Dong Cheng District, Xi Cheng District, Chao Yang District, Feng Tai District, and Hai Dian District located in Beijing since there are more than 100 hotels owned by these 4 brands and mainly distributed in those 5 districts.

1.6 Significance of Study

Budget hotel companies need to think about what happens before, during, and after the customer interacts with the property in order to discover influential constructs influencing the customer loyalty. Consequently, the study highlights the relationship between factors consisting of service quality, switching cost as well as perceived value and customer loyalty towards budget hotels in Beijing, China.

The study is vital since it provides a practical help to budget hotels marketers in developing profound observation and more comprehensive understanding of customers of economic hotel industry in Beijing, China. Therefore, this will enable budget hotel marketers to know where to focus on and come up with more effective and efficient future strategies including promotion

to stimulate customer loyalty in budget hotel industry in Beijing, China. Furthermore, budget hotel marketers will be able to make customers believe the reliability of the promotions to encourage customers engaging in the promotion to achieve the customer repurchase. These will contribute to making customers be more willing to retain loyal and can create long-term profit for the budget hotel industry in Beijing, China.

1.7 Limitations of Study

1.7.1 Limitation of Population Sampling

The only selection the author is able to make is to utilize non-probability sampling approach which is an application of judgmental sampling method. Therefore, one of the limitations facing the study is not enabling to use probability sampling approach. Hence, the author cannot conduct the survey with a broad acceptance of samples. The reason is that not every individual who wants to participate in the survey will meet the criteria proposed in this research.

1.7.2 Limitations of Quantitative Method

This research applies to quantitative research method and this method possesses its own limitations in nature.

First and foremost, quantitative method is not able to discover deeper underlying meanings and explanations of independent variables and dependent variables (Rahman, 2017). That is, the study only points out the influential factors comprising with service quality, switching cost and perceived value which influence the consumer loyalty in budget hotel industry in Beijing, China. Nevertheless, the study fails to ascertain how the factors influence customer loyalty in Beijing, China.

Another drawback of quantitative research method is that the study does not take respondents' perspectives and experiences into consideration under a highly controlled environment (Ary, Jacbos, and Sorensen et. al., 2013). This is caused by the less connections between researcher and participants.

1.7.3 Limitation of Time

The given time to undertake the research is limited, therefore, the research cannot cover the whole scale of the study. For instance, it is less of opportunities to distribute the questionnaires to the customers in all budget hotels in Beijing, China. Hence, the sampling population and sampling size will not be large enough.

1.8 Operational Definitions

Budget Hotel: As stated by Subramanian et. al. (2016), budget or economic hotel is a kind of hotel only provide basic facilities such as bed and breakfast without additional services provided.

Service Quality: Hisam, Sanyal, and Ahmad (2016) pointed out that quality of service refers to the distinction between the perception of customers when they experience the service and the expectations of customers before they experience the service.

SERVQUAL Model: SERVQUAL model formed by Parasuraman et. al. (1988) is considered as the most popular model for evaluation service quality with five dimensions of assurance, responsiveness, tangibility, empathy and reliability (Leninkumar, 2016).

Switching Cost: Ting (2014) believed that switching cost refers to cost such as monetary cost and non-monetary cost customer pay when they switch to alternative products or services.

Perceived Value: Igau and Harun (2013) stated that perceived value is the overall and comprehensive assessment or evaluation of the services or products, which is about whether the benefits are worthy of cost of customers.

Customer Loyalty: Customer loyalty represents that customers persist to purchase the same products or services whatever will happen (Goyala and Chanda, 2017).

1.9 Organization of Chapters

The overall organization or outline of the study is as follows:

Chapter 1 is about a brief introduction of the research beginning with the overview of this chapter and ending up with the overall organization of all chapters. It contains background of this research and problem identification. Research objectives (RO) and research questions (RQ) are also developed in this chapter. Subsequently, this chapter provides scope, significance and limitations of this study followed by operational definitions of terminologies and organisation of chapters.

Chapter 2 will highlight the literature reviews in relation to the topic of this study from previous researches and studies conducted by other researchers. This chapter will discuss the four factors (service quality, switching cost, and perceived value) that influence customer loyalty towards economic hotel industry in Beijing, China. Framework and hypotheses is going to be provided in this chapter as well.

Chapter 3 is about to provides research methodological approach to do justify on research objectives. This research design, sources of data, data collection, data analysis methodology, variables (including independent variables and dependent variables) and measurement, and data analysis techniques will be discussed in this session.

Chapter 4 will illustrate results and findings regarding to the data (collected from the targeted respondents) analysis in this research. IBM SPSS 22.0 will be used to carry out data analysis. Moreover, the data analysis comprises with descriptive analysis, normality analysis to check the normal distribution, factor analysis to check the reliability and validity, and linear regression, etc.

Chapter 5 is about a summary of the whole research. This session will restate to key findings related with data analysis from chapter four. Furthermore, this session will give a photograph of limitations, suitable recommendations, and personal reflection.

CHAPTER II

LITERATURE REVIEW

2.0 Overview

Chapter 2 is mainly about review of literatures and past empirical researches. Firstly, this chapter begins with information on customer loyalty which is considered as DV. Secondly, this chapter will continue to discuss IVs including common variables and specific variables of the study which can influence customer loyalty. Subsequently, next session illustrates empirical researches on the relationship between IVs and DV. Next, fundamental theory will be discussed in this chapter to support the main point of the study. Then this chapter will display conceptual framework and hypotheses. Finally, this chapter will end up with a brief conclusion of this whole chapter.

2.1 Budget Hotel

2.1.1 Concepts of Budget Hotel

As stated by Almeida (2017), the hotel of budget accommodation has obtained a reputation and credibility and recognition with high levels. These hotels are considered as a "challenger" against "traditional or well-established hotel brands" in the market, via their value for money, "convenience", "flexibility" and perhaps the most significantly, "opportunities for social interaction and a more authentic local experience". As stated by Rahimi and Kozak (2016), in the literatures, the terms "budget hotel", limited service" and "economy hotel" have been used interchangeably popular. As a matter of fact, there is lack of unanimous definition of budget hotel (Subramanian et. al., 2016). In other word, there is no precise definition of budget hotel.

The report adapted by OCN (2018) interprets that budget hotel is a kind of hotel which focuses on customers who are business people from small and middle enterprise, leisure self-help tourists. In addition, budget hotels are small and middle sized hotels with moderate house prices.hotels. Compared to luxury hotels, budget hotel is relatively cheaper and budget hotels just provide basic services and facilities. Nevertheless, the definition of budget hotel pointed out by Zhang, Ren, and Shen et. al. (2012) which economic hotel offers simple and comfortable room with cheap price is widely used by the recent researchers. Home Inns, Super 8, Hanting Hotel and 7 Days are examples of budget hotels in China.

2.1.2 Characteristics of Budget Hotel

In budget hotels, limited facilities such as single bed, iron board and water bottle are provided in guest rooms. According to Ren, Qiu, and Wang et. al. (2016) and Yang and Luo (2016), there are five similar characteristics of budget hotel including "a low trriff structure, limited facilities provided, limited services provided, strategic location and modular and modern structure". In addition, Peng, Zhao, and Mattila (2015) supported that the features which is propose mostly consist with service restriction, simple rooms with bed, low cost as well as

price, low costs of construction and operation, and below 150 rooms as well.

2.2 Opportunities and Challenges Faces by Budget Hotel

According to Zhang, Guillet, and Gao (2012), the economic factors such as market demand, market size as well as GDP per capita and political factors such as local policies and mega events are the significant factors that influence investors to invest in China. In recent years, budget hotels in China have increased largely since the rapid development of economy since 1976. For instance, the gross domestic product in China because of its entry to the World Trade Organisation and its opportunities to host Olympic Games 2008, the Shanghai World Expo 2010 as well as the Asian Games Guangzhou 2010 (Li, Blake, and Cooper, 2011). All these Games or events contribute to Chinese GDP and attract much more international as well as domestic tourists, and thus indirectly contribute to the growth in hotel sector. Therefore, budget hotel sector possesses a prospective development with beneficial economic situation in China in the future.

According to Jiang, Gretzel, and Law (2014), there were 1,698 budget hotels in 2007 while the number of budget hotels has increased to 13,528 in 2011 with an increasing number of international as well as domestic tourists. In 2014, China ranked as the top one country in tourists all over the world with receiving more than 1.1 billion tourists (United Nations World Tourism Organisation, 2016). Consequently, China has a great tourism customer-base for the development hotel industry due to an increasing number of international and domestic tourists. Therefore, budget hotel industry has a great potential to grow in the future because of the fast growth of tourism sector.

For budget hotel industry, the first challenge is the intense competition both from the budget hotels and similar hotels such as Airbnb. In recent years, the number of budget hotels has significantly increased especially after hosting Olympic Games 2008. Therefore, the competition between budget hotels become greater. In addition, the introduce of Airbnb also

brings competition for local budget hotels. The second challenge for budget hotels is that the government has not done much to train budget hotels give financial support and help them in promotion and marketing. The third challenge for budget hotel is to hire the right person for itself. The hospitality industry depends largely on human resource (Taylor, 2017). Therefore, it is important for hotel managers to find out and hire a proper employee with positive attitude.

2.3 Customer Loyalty

Amin, Ahmad, and Hui (2012) supported that customer loyalty is a key element for an organisation's long-term variance since customer loyalty assists a firm when facing a number of uncertainty issues in a market with fierce competition. Therefore, over recent decades, customer loyalty has attracted much more attention from professionals as well as researchers and been largely studied in a great number of literatures.

According to Khuong and Dai (2016), customer loyalty has been applied to explain the repeat of customers' behaviour. Based on the previous researches and literatures, this study defines customer loyalty as customers who are satisfied with the products or services are willing to repurchase the same products or services and to recommend the products or service to other people. This definition is summarised from following definitions.

According to Stum and Thiry (1991), customer loyalty is defined as the strength of the relationship between personal attitude and his or her repurchases and recommendations of a product or service. In accordance with Prus and Brandt (1995), customer loyalty drived by customer satisfaction defines as a long-term relationship between customers and a company which customers promise to maintain. Bhote (1996) pointed out that customer loyalty is satisfied customers are willing to promote the products and services from the selected companies. In addition, Oliver also put forward that customer loyalty is a commitment of customers to repurchase products and services of the identical company in various scenarios. As sited of Wallace, Giese, and Johnson (2004), customer loyalty is considered as customers'

preference for the unique option in their behaviour and attitude when two selections are provided. In the end, Rundle-Thiele (2005) pointed out that customer loyalty is customers' repurchases behaviour of the identical products and services both in attitude and behaviour and loyal customers are very willing to recommend such products and services to other people.

As to the measurement of customer loyalty, Liu and Wang (2017) measures customer loyalty as customers' intention of repurchase and tolerance towards prices. According to Miranda, Rubio, and Chamorro (2014), customer loyalty is measured from three perspectives including behavioural loyalty, attitudinal behavioural and congnitive. Behavioural loyalty is about customer's repeat purchases of the same products and services or about long-term relationship between customers and providers. Attitude loyalty is about a customer's conscious evaluation on different brands or companies in the market. In the end, cognitive loyalty is about a customer's changeless choice of a company. However, Li (2013) stated that customer loyalty is measured as two ways consisted the behavior of customers which refers to repeat purchases of customers for the identical brand and recommendation from custoers for the same brand to others, and the customers' attitude which refers to customer loyalty internal impact and perceptions.

Based on the previous literatures, in this research, it is considered that the measurement of customer loyalty should include behavioural loyalty referring to repeat purchase and recommendation of the same product or service.

2.4 Factors Influencing Customer Loyalty

From the researches and studies, various factors are identified as important elements on influencing customer loyalty. In addition, the examples about important components influencing loyalty of customers are shown in the following part.

According to a wide range of interviews with guests, it is confirmed that customer loyalty is influenced by the price, the trends, brand image and service quality, which mainly influence young people because these people are easily to be influenced by peers or friends and to make decisions in a haste and sudden (Khizindar et. al., 2015). As stated by Amin et. al. (2012), switching cost, service quality, corporate image and have a vital influence on customer loyalty.

In addition, customer loyalty can be influenced largely by customer satisfaction and switching barriers including switching cost through review of previous studies (Kim, Wang, and Chang et al., 2016). According to previous studies, customer loyalty might be influenced by the strength of switching cost in service industry (Hafez and Akther, 2017). Various literatures have discussed diverse influential factors on customer loyalty, and the all are in agreement with the point that value and quality importantly contribute to building customer loyalty (Bhatt, 2015).

Regarding to undertaken research, perceived value, trust, service quality website design, easy use website, customization, care and support, and commitment are core influential factors for the establishment of customer loyalty in e-commerce (Izadi and Zadeh, 2015). Koupal, Alipourdarvish, and Sardar (2015) stated that perceived value is determined as a critical influencer which could contribute to customer loyalty. Moreover, Hasan et. al. (2014), also supported that perceived value contributes a lot for building customer loyalty.

As stated by Aliabadi et. al. (2013), increasing switching cost can improve the degree of consumer loyalty. This is also supported by Qin, Chen, and Wan (2012) that switcing costs can contribute to customer lotalty.

Referring to previous literatures, it is considered in this study the factors influencing customer loyalty should cover service quality, switching cost and perceived value based on the SERVQUAL model and social change theory interpreted in chapter 2.5.

2.4.1 Service Quality towards SERVQUAL Model

2.4.1.1 The Concept of Service Quality

Kotler (2012) stated that "A service is an activity or benefit that one party can offer to another party. Intangible and does not result in the ownership of anything". Moreover, service quality is an abstract concept and various researchers pointed different definitions of service quality. According to Poku, Zakari, and Soal (2013), service quality is considered as the distinction between the perceptions of customers towards service providers and the evaluations of the service they have experienced. Du and Tang (2014) pointed out that service quality is "customer's subjective cognition, not objective evaluation." And it is the assessment on service organisations after comparing the difference between their expectation of service and the real service they received. Ishaq (2012) described service quality as the comprehensive or overall evaluation on how excellent the service provided to customers. Although there are various definitions of service quality, the most acceptable definition is that service quality is the gaps in the expectations of a customer and the realised service the customer received.

In accordance with Hafez and Akther (2017), service quality has been identified as an important component as well as the strongest competitive weapon that all the service providers want to own. Therefore, service quality should be coved in this research as one of factors influencing customer loyalty towards budget hotels in Beijing, China.

There are several methods to measure service quality such as SERVQUAL, SERVPERF, INTISERVQUAL and INSQPLUS. And different models might be used into different industries. According to Al-Abaaneh (2017), HOLSERV, DINESERV, CASERV and LODGSERV are used in tourism industry. DINESERV also can be used in restaurants and CASERV is applied in accommodation sector to determine the service quality. Additionally, INTQUAL and INTERSERVQUAL are used in employees' perception of service quality. In accordance with Ramzi and Mohamed (2010), SERVQUAL model is widely used in various

researches and studies in service sector such as hotels, tourism, dental services and hospitals. Therefore, this study applies to SERVQUAL model with five dimension of tangibility, reliability, responsiveness, assurance and empathy.

2.4.1.2 The Concept of SERVQUAL

SERVQUAL model which was proposed by Parasuraman et. al. (1985) is viewed as the most popular model to measure or evaluate service quality. Ten determinants including credibility, competence, tangibility, responsiveness, access, reliability, courtesy, communication, security, understanding or knowing consumer were firstly proposed (Khuong and Dai, 2016). However, the authors redefined these ten dimensions into five dimensions which is applied in this research (Ivanauskienė and Volungėnaitė, 2014). Those five factors include assurance, reliability, empathy, responsiveness and tangibility (Hafez and Akther, 2017).

Tangibility

According to Parasuraman, Zeithaml, and Berry (1988), tangibility refers to individual look and physical facilities such as displays in a hotel and equipment inside and outside the hotel. Genoveva (2015) stated that tangibility is the appearance of physical facilities like buildings and front office, availability of parking, cleanliness, tidiness, and comfort of the room, completeness communications equipment, and employee appearance". Tangibility is the basic component and the security and convenience for consumers and it is adopted by companies to interpret the image and signal quality (Li, 2013). In this study, tangibility refers to the appearance and condition of the hotel rooms, the technology used in hotel, appearance and uniform of the hotel employees, the appearance and design of the rooms and settings of hotel, the hotel's sign and its advertisements.

Reliability

Reliability has been defined as the capacity of a company to provide the committed service dependably and correctly (Parasuraman et. al., 1988). In other words, reliability is related to the capability of a company to provide committed service reliably and correctly. According to Li (2013), reliability is critically significant for a company since customers would like to interact with a company who always does what they promise to do for its customers. This means that the company possesses a skll to communicate with its customers. In this research, reliability is associated with hotel's capability to provide things it has promised of reliable and correctable. For instance, hotel should do things by the time it promises, and the hotel should be sympathetic and reassuring if guests have encountered problems or trouble.

Responsiveness

In accordance with Parasuraman et. al. (1988) responsiveness refers to the degree of employees' willingness to help customers and provide quick service. In other words, responsiveness refers to the will of service staffs to provide real-time service and help customers to deal with problems they are encountering. According to Li (2013), companies need to think on the perspective of customers rather than companies themselves if companies want to be successful since responsiveness is concerned with promptly and attentively solving the consumers' requests, problems questions and complaints. In this study, responsiveness refers to the alertness of service employees to serve customers, employees' speed to handle the transaction and complaints.

Assurance

As stated by Parasuraman et. al. (1988), assurance under SERVQUAL is defined that employees should be well-trained and polite, and employees should be able to inspire their own trust and confidence. According to Li (2013), assurance represented that the personnel uses trust and confidence to combine a consumer to the service company and it represents the way

that traditional trade and relationship marketing convey information. In addition, it also represents the way that traditional trade and relationship marketing share the understanding of customers. Genoveva (2015) pointed out that staff in service organisations should be professional, polite and reliable. This represents that staff in hotels should have enough knowledge of the service and to answer the questions of customers.

Empathy

In accordance with Parasuraman et al. (1988), assurance has been defined as the firms` personalized attention given to their customers and the personal care and assistance given to them. This means empathy refers to individual attention to companies' customers including that the company make it easy for customers to contact with them. Assurance also includes employees in company are able to communicate with its customers and know the needs and demand of its customers. Based on assurance, many companies provide customised services to compete with their competitors. In this study, assurance refers to individual attention such as knowing preferences and needs of the customer given to the customer.

2.4.1.3 The Relationship between Five Dimensions and Customer Loyalty

Tangibility

In research conducted by Poku et. al. (2013), the impacts and influence of service quality on loyalty of customer through SERVQUAL model was inveastigated towords hotel industry in Ghana and Golden Tulip, Miklin Hotel and Lizzie's Hotel were selected in this study. In addition, data from 50 customers and 5 staff were collected. Probit regression was used in this study and indicated that tangibility can contribute to customer loyalty among customers in Golden Tulip and Lizzie's Hotel.

Malik, Naeem, and Nasir (2011) carried out a study to study customer loyalty towards hotel industry in Pakistan. The study is caaried out to investigate different impacts of quality of service regarding to five dimensions of SERVQUAL on customer loyalty in eight different hotel in Parkisten. Questionnaire was applied in this study to collect data from 190 respondents. Multiple regresson analysis revealed that tangibility plays a positive role on building customer loyalty towards Pakistan's hotel industry.

Ramzi and Mohamed (2010) conducted a research to determine the impact of service quality on influencing customer loyalty in hotel industry in Jordan. There were 322 customers who had experienced the hotels being responded through questionnaire according to SERVQUAL model. The results of Pearson Correlation Coefficient and Multiple Linear Regression reveals that reliability is an important predictor of customer loyalty in hotel industry in Jordan. Consequently, the following hypothesis is inferred below:

H_{1a}: There is a significant relationship between tangibility and customer loyalty towards budget hotel in Beijing, China.

Reliability

In the study conducted by Malik et. al. (2011), it investigated how service quality contributes customer loyalty among customers in eight different hotel in Pakistan. Questionnaire based on the SERVQUAL model was used to complete data collection. In this study, 190 data collected by questionnaire was used to determine the relationship between different dimensions and customer loyalty by using multiple regression analysis. The result showed that reliability can contribute to customer loyalty towards hotel industry in Pakistan.

The research of Poku et. al. (2013) investigates the impacts of service quality on customer loaylty based on SERVQUAL model in hotel industry. And the research was conducted among Golden Tulip, Miklin Hotel and Lizzie's Hotel in Kumasi, Ghana. In this research, 50

customers who were randomly selected and 5 staff purposively choosed were distributed questionnaires through SERVQUAL model to determine the relationship between service quality and customer loyalty. Relaibity was investigated that it has a significant role on customer loyalty in Lizzie's Hotel by using probit regression.

Ramzi and Mohamed (2010) conducted a research to determine the impact of service quality on influencing customer loyalty in hotel industry in Jordan. There were 322 customers who had experienced the hotels being responded through questionnaire according to SERVQUAL model. The results of Pearson Correlation Coefficient and Multiple Linear Regression reveals that reliability is an important predictor of customer loyalty in hotel industry in Jordan. Consequently, the following hypothesis is inferred below:

H_{1b}: There is a significant relationship between reliability and customer loyalty towards budget hotel in Beijing, China.

Responsiveness

In Ramzi and Mohamed (2010) research examine the impacts of quality of service towards customer loyalty of Jordan hotel industry. Questionnaire based on SERVQUAL model was used and responds from 322 customer who have experienced hotel in Jordan have been collected. Multiple regression analysis was used in this study. And the multiple regression indicated that customers with higher level of responsiveness will lead to their longer customer loyalty. This means assurance play a positive and significant role on building customer loyalty over hotel industry in Jordan.

In Poku et. al. (2013) study examined the influence of service quality on customer loyalty in three hotels of Golden Tulip, Miklin Hotel and Lizzie's Hotel in Kumasi, Ghana. Questionniaire was designed by SERVQUAL model and distributed among 50 customers and 5 staff og these three hotels. Probit regression analysis method was used to determine the

influence of service qulity on customer loyalty. Based on the data analysis, the results showed that responsiveness contributes a lot to customer loyalty in Miklin Hotel in Ghana.

Khuong and Dai (2016) have carried out a research to examine the important determinants influencing consumer satisfaction as well as customer loyalty to increase profits for taxi service providers in Ho Chi Minh City in Vietnam. SERVQUAL model within five dimensions (assurance, empathy, reliability, tangibility, and responsiveness) have been considered in this study to determine the impact of service quality on customer loyalty. The data was collected from 288 respondents based on a survey cross-section methodology. Multiple regression indicated that responsiveness paly a positive role on building cutomer loyalty towards taxi companies in Ho Chi Minh City, Vietnam. Hence, the hypothesis is inferred as follows:

H_{1c}: There is a signficant relationship between responsiveness and customer loyalty in budget hotel in Beijing, China.

H_{1c}: There is a signficant relationship between responsiveness and customer loyalty in budget hotel in Beijing, China.

Assurance

Poku et. al. (2013) have carried out a research through questionnaire based on SERVQUAL model among 50 customers randomly selected and 5 staff purposive selected to investigate how service quality can influence customer lotalty among customers in Golden Tulip, Miklin Hotel and Lizzie's Hotel. Based on the probit regression analysis, the result indicated that assurance plays a significant role in building customer loyalty among customers of Miklin Hotel and Golden Tuplip.

In Ramzi and Mohamed (2010) research observed the impacts of service quality under SERVQUAL model on loyalty of customers towards Jordan hotel industry. Questionnaire was used and responds from 322 customer who have experienced hotel in Jordan have been collected. Multiple regression analysis was used in this study. And the multiple regression indicated that customers with higher level of assurance will lead to their longer customer loyalty. This means assurance makes a significant as well as positive influence on customer loyalty over hotel industry in Jordan. Hence, the hypothesis is inferred in the following:

H_{1d}: There is a significant relationship between assurance and customer loyalty in budget hotel in Beijing, China.

Empathy

Malik et. al. (2011) also investigated that empathy has a significant relationship with customer loyalty towards hotel industry in Pakistan. The reseachers interviwed 190 customers of eight different hotels through self-administered questionnaire bansed on SERVQUAL model to examine how service quality can influence customer loyalty. Multiple regression analysis revealed that the higher level of empathy can lead to higher level of loyalty of customers in hotels. This means empathy has a significantly positive impact on customer loyalty towards hotel industry in Pakistan.

In Poku et. al. (2013) research investigated the influence of trust on customer loyalty towards hotel Industry in Ghana. Data was collected from 50 customers and 5 staff of Miklin Hotel, Golden Tulip and Lizzie's Hotel through questionnaire on the basis of SERVQUAL model. Probit regression method indicated that customers in Miklin Hotel and Golden Tulip with high level of empathy seem to show higher level of loyalty. In other word, it can conclude that empathy is a significantly positive factor of customer loyalty.

Ramzi and Mohamed (2010) conducted a study to investigate whether five dimensions under SERVQAL model are significant factors in influencing customer loyalty over hotel industry in Jordan. There were 322 customers of hotels being asked to fill up the questionnaire. Multiple regression analysis revealed that the higher the assurance, the longer the loyalty. It can confirm that assurance is a significant and positive predictor of customer loyalty over hotel industry in Jordan. Therefore, the hypothesis is inferred as follows:

H_{1e}: There is a significant relationship between empathy and customer loyalty in budget hotel in Beijing, China.

2.4.2 Switching Cost

2.4.2.1 The Concept of Switching Cost

Based on both the external comparison and the internal obstacle, Kim et. al. (2016) have found two dimensions of switching barrier which are "alternative attractiveness" and "switching cost". In addition, Kihara and Ngugi (2014) have pointed out that the switching barrier is consisted of switching cost, the attractiveness of alternatives, and interpersonal relationships.

According to Khan and Rizwan (2014), switching cost is defined as "the cost of changing services in terms of time, monetary value and psychological factor". In addition, Stan, Caemmerer, and Jallet (2013) defined switching costs as "the cost involved in changing from one supplier to another."

A paper of Huang (2016) defined switching costs as "the price consumers pay for switching to another supplier or vendor". Moreover, switching cost is related to "the price incurred when changing from one product/service to another" (Kim et. al., 2004). Finally, switching cost is defined as "the costs associated with switching from one service provider to another which will not incur if a customer stays with the current service provider" (Amin et. al., 2012).

Khan and Rizwan (2014) noted that the switching cost can be divided into two groups comprising with customer's personal cost which is related to the efforts facing customers when accessing the other brand, economic benefits provided by the brand and the risks which come out in term of wrong choices or decisions, and the cost related with the product including costs in redesigning and investment. However, Stan et. al. (2013) stated that switching costs can be classified as monetary costs and nonmonetary cost.

Switching cost comes out when customers have switching behaviour such as switching to another product or service, consisting of costs of time, money and psychology, which are broken down as psychological, physical and economic costs (Kihara and Ngugi, 2014). This was supported by Ting (2014) that switching costs can be divided as loss of time, psychological cost, switching cost of finance including cost of benefit loss and monetary loss, and relational switching cost including costs of personal relationship loss and brand relationship.

It was noted that switching cost is one of the important antecedents for businesses of b business to consumer (B2C) models (Hafez and Akther, 2017). In addition, according to Kim et. al. (2016), switching cost is important for new entrants of service industry since switching costs have an inhibitive influence on the development of new service companies.

Increasing switching costs has become a significant strategic selection for businesses in order to survive in the market where the competition is increasingly fierce, therefore, the study focusing on switching costs has been broadly carried out by a wide number of researchers in fields of management, economics and marketing (Zhang, Chen, and Zhao et. al., 2017). Nevertheless, Amin et. al. (2012) held on the point that increasing switching costs can leads to higher risk and heavier burden on consumers.

Switching cost is a crucial concern because it is seen as an important and practical strategy many enterprises use to remain the customers and it is a common phenomenon which is

universally mentioned in different consumption sectors and different industries (Ting, 2014). As a result, in the common competition market, the ways and means of managing switching cost will be developed into a significant strategic decision (Zhang et. al., 2017).

2.4.2.2 The Relationship between Switching Cost and Customer Loyalty

Based on literature review, switching cost is considered as one of independent variable in the study to confirm the influence and impact of switching cost on customer loyalty over budget hotel in Beijing, China. In addition, there are some literatures have investigated that switching cost is investigated as an important predictor of customer loyalty both over hotel industry and other industry.

Yin and Shen (2017) conducted a research to investigate whether switching cost makes a significant difference for customer loyalty towards hotel sector in China. In the research 254 respondents of hotel customers in China have filled the self-administered questionnaires. SEM was adopted in this research in order to examine the relationship between switching cost and customer loyalty. SME result indicated that the switching cost has a significant influence on building customer loyalty towards hotel sector in China.

Zhou (2016) carried out a study to investigate the linkage between switching cost and loyalty of customers of hotel industry in the context of China. Quantitative method was applied in the research to distribute questionnaires. Based on the data analysis, the result showed that the switching cost has played a positive role in building consumer loyalty towards hotel sector in the context of China.

Stan et. al. (2013) conducted a study to discover how image perceptions, service quality and customer satasfaction contribute to customer loyalty. In addition, this study is also to investigate the role of switching cost on customer loyalty. There were 881 respondents participating in this survey. In terms of the data analysis, it can be concluded that switching

cost has the strongest, positive and direct contribution to customer loyalty comapred to other factors in the model. Consequently, the hypothesis is inferred below:

H$_2$: There is asignificant relationship between switching cost and customer loyalty in budget u hotel in Beijing, China.

2.4.3 Perceived Value

2.4.3.1 The Concept of Perceived Value

According to Šapić, Topalović, and Marinković (2014), the value is the most commonly defined as "a difference between benefits and sacrifices" come from purchasing and utilizing products or services. In other words, the value contains a number of various benefits which customers can get from spending money, time, and energy to purchase and use the products or services.

Javed and Cheema (2017) stated that customer value is viewe as "trade-off" between two parties. One party gets the financial value while the other one obtain benefit from consuming products and services. In addition, Auka (2016) considered customer value as "the fundamental basis for all marking activity".

Chung, Yu, and Kim et. al. (2015) have found that customer behaviours can be better understood by assessing through perceived value.

In accordance with Auka (2016), perceived value is defined as "the customers' overall assessmennt of the unit of a product" on the basis of the perceptions on what is given and received. In addition, perceived value is also considered as the difference between prospective assessment of customers of all the benefits and the cost on an "offering versus perceived

alternatives". Therefore, perceived value is considered as a summarized evaluation of benefits versus costs (Šapić et. al., 2014).

In the study by Šapić et. al. (2014), it is indicated that perceived value contains two elements which are the perceived attributes of products as well as services and the perceived attributes of substitites.

Accrding to Krasna (2012), there are four dimensions of perceived value including social value, emotional value as well as two categarizes of financial value which are price or value for money and performance or quality. Moreover, Auka (2016) pointed out there are four dimensions of perceived value which includes monetary value, emotional value, customization value, and relational value.

One significant dimention of perceived value is quality of interaction ("relationship benefits") (Šapić et. al., 2014). This type of dimension becomes significant when evaluating a product or service becomes difficult even after the customers' consumption. In addtion, another dimension of great significance to evaluate the value of a product or service is the value for money which is often considered as economic value. Further to this, aside from these two dimensions of perceived value, the third dimension is prestige. In conclusion, the dimensions of perceived value including quality of iteraction, value for money, and prestige are adopted in this research.

According to Auka (2016), in some previours studies and researches, perceived value is viewed as a main influencer of customer loyalty in such industries as telephone services, retailing services, and airline travel. In addition, beneficial perceived value will contribute to such positive customer behaviour as loyalty which is going to demonstrate with repeated purchase and recommending.

2.4.3.2 The Relationship between Perceived Value and Customer Loyalty

Based on the literature review, perceive value is considered as an independent variable in the study to confirm the relationship between perceived value and customer loyalty in budget hotel in Beijing, China. In addition, there are some literatures have investigated that perceived value has a significant relationship with customer loyalty both in hotel industry and other industry.

In the research of Zhang (2016), 1479 quetionnaires were distributed in Beijing, Nan Jing, Shanghai, and other cities to collect data from 1145 valid answers of respondents to determine the influence of experience marketing and perceived value. The findings of data analysis indicated that perceived value has a significant and further positive influence on customer loyalty in hotel industry in the context of China.

Pu (2012) has investigated the relations among perceived value, customer satsfaction, and customer loyalty with the sample of budget hotels through interview and questionnaire survey. Correlation analysis and multiple regression analysis showed that the perceived value plays a significant and positive role in gaining customer loyalty in budget hotels in China.

Sha and Zou (2012) has distributed self-administered questionnaires in Xi'an and received 327 valid questionnaires to investigate the effects of perceived value on customer loyalty in budget hotels. The results of regression analysis in SPSS 16 indicated that there exists a significant relationship between perceived value and customer loyalty in budget hotels in Xi'an, China.

In the study of Rasheed and Abadi (2014), a questionnaire research has been adopted to investigate the influence of service quality, trust, and perceived value on customer lotalty. The findings of this study demonstrated that perceived value has a much more significant and stronger influence on customer loyalty than that of trust in service sector in Malaysia. Therefore, the hypothesis is inferred as follows:

H_3: There is a siginificant relationship between perceived value and customer loyalty in budget hotel in Beijing, China.

2.5 Theoretical Fundament

The study that investigates the relationship between service quality, switching cost, perceived value and customer loyalty towards budget hotel is based on three theories including the Theory of Reasoned Action, SERVQUAL and the Social Change Theory.

According to Simbolon (2015), customer behaviour is "repeat purchasing behaviour without looking for more information or evaluation available alternatives". The Theory of Resoned Action (TRA) is widely applied to individual behaviour especialy decision making in the process of purchase (Solomon, Bennet, and Previte, 2012).

In addition, at the beginning of studying hunman behaviour, TRA has been used in various situations and now has been considered as one of the most important theories to study human behaviour (Otieno, Liyala, and Odongo et. al., 2016). According to Huang (2017), TRA was developed by Ajzen and Fishbei from 1975 to 1980 based on the Expectancy Value Models which is applied to explain the relationships between beliefs, attitudes, norms, intentions, and individual behaviours.

According to TRA, the most influential factor of customer behaviour is behavioural intention (Trafimow, 2015). Intention is a cognitive characterization of an individual who is willing to display an expected behaviour and is seen as a direct indicator of behaviour (Otieno et. al., 2016).

In addition, TRA also proposes another two elements of behaviour including attitude and subjective norm (Otieno et. al., 2016). Furthermore, behavioural intention was determined by personal's attitude as well as subjective norms of behaviour (Huang, 2017).

Subjective norms on the one hand represent that the individual or community perform specialized behaviours under the existing pressure and the norms are defined as "the person's perception that most people who are important to him think he should or should not perform the behaviour in question" (Huang, 2017). On the other hand, subjective norms are considered as a bridge that combines perceived expectations resulted from relevant individuals and the intention that aims to get along with the expectations and thus subjective norms are determined by "norms beliefs" related to others' concerns on how the individual should behave and "motivations" to meet and match such expectations from others (Otieno et. al., 2016).

Personal's attitude refers to an individual who has positive or negative assessment towards a specific behaviour and is dependent on the beliefs both on the results of behaving and about the evaluations of expected results (Huang, 2017). Therefore, based on what has been discussed before, behavioural intention is a model conveys personal's attitudes of a behaviour as well as subjective norms of the behaviour, which can be an influential predictor of actual behaviours (Otieno et. al., 2016).

Figure 4: The Theory of Reasoned Action (TRA)
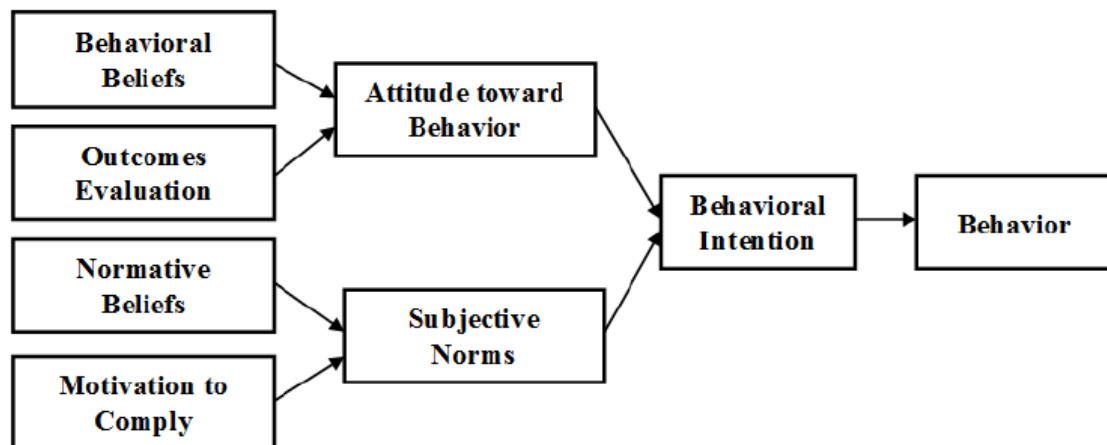
Source: Ajzen and Fishbein (1975)

As stated by Simbolon (2015), the Theory of Reasoned Action (TRA) is a success in being applied to study individual behaviour. Therefore, it is determined to apply this model in this study despite the fact that he individual is not able to undertake the behaviour even if it is dependent on attitudes and subjective norms if the behaviour cannot be controlled by an individual.

Figure 5: GAP Service Quality Model
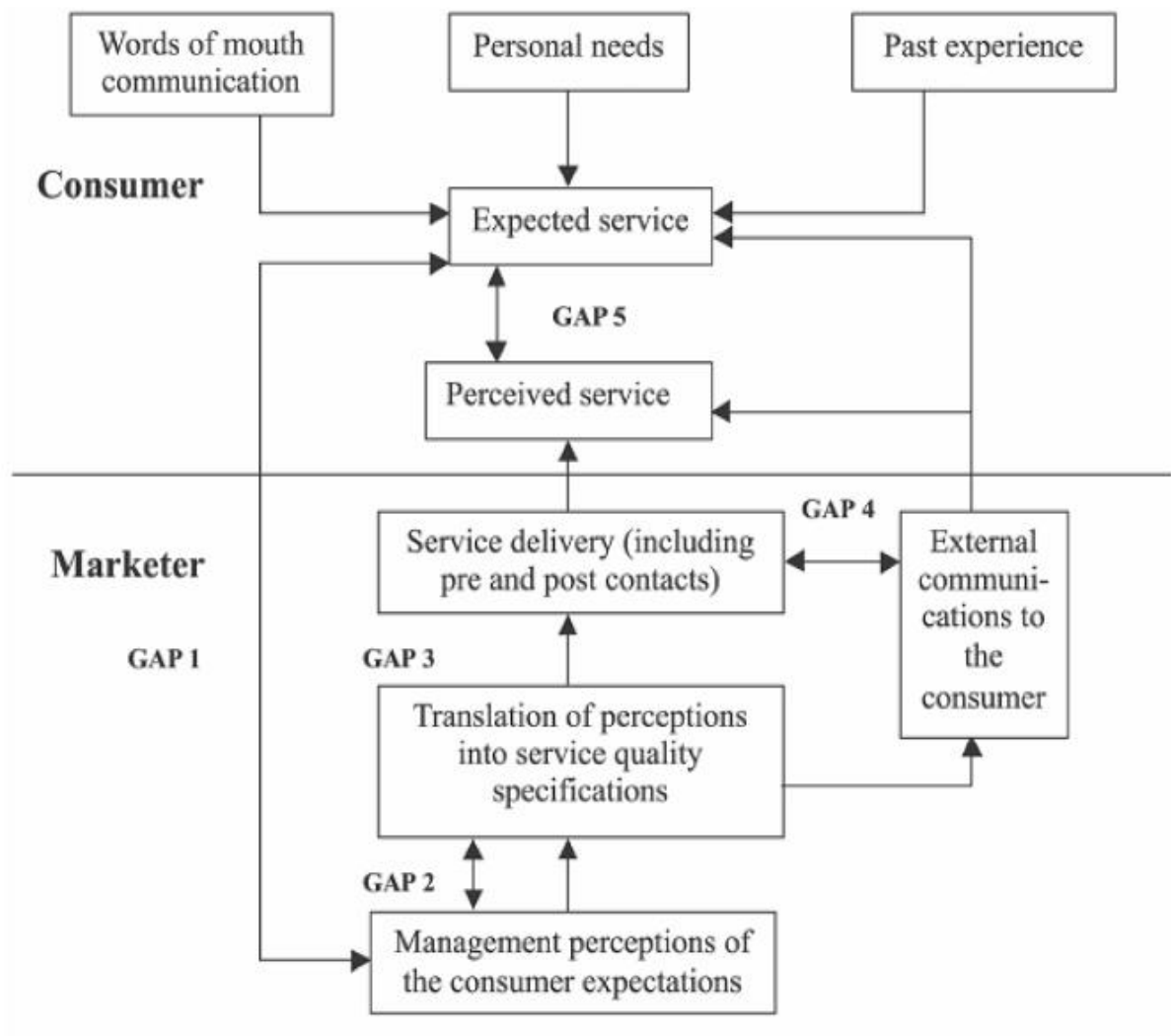
Source: Parasuraman et. al. (1985)

According to Yarimoglu (2014), Parasuraman et al. have analysed the dimensions of service quality and developed a GAP Service Quality Model which can provide a significant framework to define and measure service quality. And the GAP Service Quality Model that showed the key findings about the concept of service quality via executive interviews and focus group interview is shown in Figure 5. According to Figure 5, GAP 1 to 4 were formed in the

market side, while GAP 5 was formed in consumer side. The contend of each GAP is displayed in Table 2.

Table 2: GAP Relations and Names

GAP 1: The Knowledge Gap	Customer expectation vs Management perceptions gap
GAP 2: The Policy Gap	Management perception vs Service quality specifications gap
GAP3: The Delivery Gap	Service quality specifications vs Service delivery gap
GAP 4: The Communications Gap	Service delivery vs External communications gap
GAP 5: The Service Quality Gap	Expected service vs Perceived service gap

The GAP 6 was added by Lovelock (1994) as Service delivery vs Perceived service which is the Perceptions Gap. And ten dimensions of service quality to define and measure service quality were shown in Table 3 after the gaps modeling.

Table 3: Ten Dimensions of Service Quality

1	Reliability	Consistency of performance and dependability, accuracy in billing, keeping records correctly, performing the service right at the designated time.
2	Responsiveness	Willingness or readiness of employees to provide service, timeliness of service such as mailing a transaction slip immediately, calling the customer back quickly, giving prompt service.
3	Tangibility	Physical evidence and representation of the service, other customer in service facility.
4	Competence	Possession of the required skills and knowledge to perform the service, knowledge and skill of the contact and support personnel, research capability of the organization.
5	Access	Approachability and ease of contact, the service is easily accessible by telephone, waiting time to receive service is not extensive, convenient hours of operation, convenient location of service facility.

6	Courtesy	Politeness, respect, consideration, friendliness of contact personnel, consideration for the customer's property, clean and neat appearance of public contact personnel.
7	Communication	Keeping customers informed in language they can understand and listening to them, explaining the service itself and its cost, assuring the customer that a problem will be handled.
8	Credibility	Trustworthiness, believability, honesty, company reputation, having the customer's best interests at heart, personal characteristics of the contact personnel.
9	Security	Freedom from danger, risk, or doubt, physical safety, financial security, confidentiality.
10	Understanding the customer	Understanding customer needs, learning the customer's specific requirement, providing individualized attention, recognizing the regular customer.

Source: Parasuraman et. al. (1985)

The SERVQUAL which is the revised model from ten dimensions is an advanced model to define and measure service quality. As shown in Table 4, there are five dimensions with 22 items.

Table 4: Five Dimensions of Service Quality (SERVQUAL)

Dimensions	Items
Tangibility: physical facilities, equipment, and appearance of personnel	1. should have up-to-date equipment 2. physical facilities should be visually appealing 3. employees should be well dressed and appear neat 4. appearance of physical facilities should be in keeping with the type of services
Reliability: to perform the promised service dependably and accurately	5. should do things by the time they promise 6. when customers have problems, they should be sympathetic and reassuring 7. should be dependable 8. should provide their services at the time they promise 9. should keep accurate records
Responsiveness: to help customers	10. should not be expected to tell customers when services will be performed

and provide prompt service	11. not realistic for customers to expect prompt service
	12. employees do not always have to be willing to help customers
	13. is ok if they are too busy to respond to requests promptly
Assurance: courtesy knowledge, ability of employees to inspire trust and confidence	14. customers should be able to trust employees
	15. customers should feel safe in their transactions with these stores' employees
	16. the employees should be polite
	17. employees should get adequate support to do their jobs well
Empathy: caring, individualized attention the firm provides its customers	18. company should not be expected to give customers individual attention
	19. employees cannot be expected to give customers personal attention
	20. unrealistic to expect employees to know what the needs of their customers are
	21. unrealistic for them to have customers' best interests at heart
	22. should not be expected to have operating hours convenient to all customers

Source: Parasuraman et. al. (1988)

The conceptual framework is also derived from the social change theory, which all the human relationships are developed through the cost-benefit analysis and comparisons of alternative plans (Homans, 1958). According to Homans, it suggested that when a person believes the cost of a relationship is more than the perceived benefits obtained from the relationship, the person will consider leaving the relationship. Furtherly, the social change theory pointed out that people who have given much more to others attempt to get back much more from them, and people who obtain much more from others are under pressure to give back much more to them. The social change relationship between two parties is developed via a set of mutual communications which creates a model of reciprocal obligations for each party. The social change theory demonstrates that an individual is willing to maintain the relationship since the person wants to get more by doing so. The social change theory is adopted to combine perceived value and switching cost with customer loyalty.

2.6 Conceptual Framework

The Theory of Reasoned Action (TRA), SERVQUAL and the Social Change Theory are adopted to develop the conceptual framework shown in Figure 6. The TRA which is widely applied to study individual behaviour indicates that attitude towards the behaviour and subjective norms influence the behaviour intention and thus influence individual behaviour. In this research, individual behaviour is individual loyalty towards budget hotel in Beijing. Attitude towards the loyalty includes service quality which is the outcome evaluation of received service in budget hotel. Subjective norms include switching cost and perceived value. Therefore, service quality, switching cost and perceived value influence customer intention of repurchase for budget hotel and thus influence their loyalty towards budget hotel.

SERVQUAL is the most well-known model to define and evaluate service quality for service providers. Hence, SERVQUAL model (tangibility, reliability, responsiveness, assurance and empathy) is applied in this study to measure service quality. In terms of this study, tangibility, for instance, refers to physical facilities such as environment conditions and equipment, and the appearance of employees. Reliability, for example, refers to hotel's ability to perform services on time and solve problem by a time they promise with sincere interest. Responsiveness refers to whether employees are willing to help customers and are able to provide prompt service. Assurance, for instance, refers to the knowledge of staff to answer customer's questions and their courteousness to customers. Empathy refers to hotel's ability to provide individual attention and customised services.

The social change theory also can be used to study the influence of switching cost and perceived value on customer loyalty since service encounters can be considered as social exchanges with the communication between customer and budget hotel. When a customer chooses a budget hotel, he or she will evaluate the cost-benefit ratio to decide whether maintaining a relationship with this budget hotel. As well, when a customer chooses to switch to another budget hotel, he or she will also evaluate cost-benefit ration to decide whether leaving this relationship.

Figure 6: Conceptual Framework
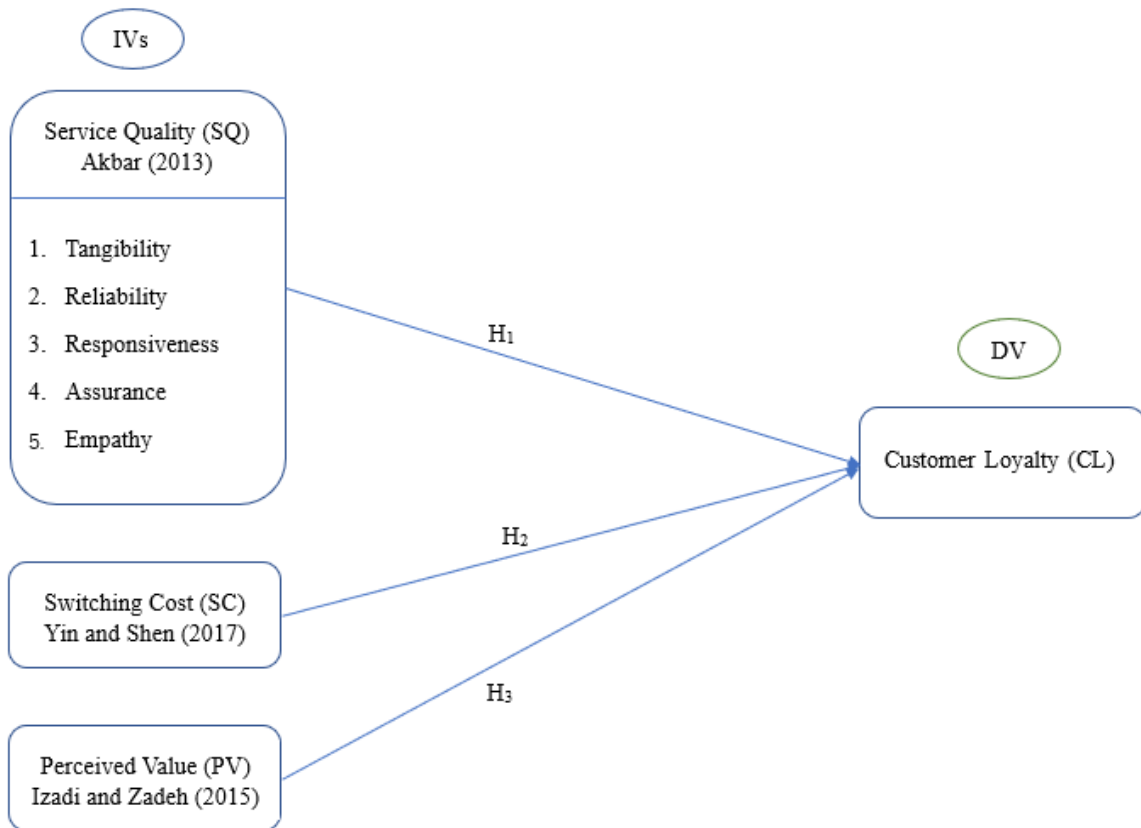
2.7 Hypotheses Development

Based on literature review and conceptual framework there are seven hypotheses linked to research questions and research which is to ascertain the linkage between independent variables (IVs) and dependent variable (DV) towards budget hotels in Beijing, China are as follows:

H$_{1a}$:   There is a significant relationship between tangibility and customer loyalty in budget hotel in Beijing, China.

H$_{1b}$:   There is a significant relationship between reliability and customer loyalty in budget hotel in Beijing, China.

H$_{1c}$:   There is a significant relationship between responsiveness and customer loyalty in budget hotel in Beijing, China.

H$_{1d}$:   There is a significant relationship between assurance and customer loyalty in budget hotel in Beijing, China.

H$_{1e}$:   There is a significant relationship between empathy and customer loyalty in budget hotel in Beijing, China.

H$_{2}$:   There is a significant relationship between switching cost and customer loyalty in budget hotel in Beijing, China.

H$_{3}$:   There is a significant relationship between perceived value and customer loyalty in budget hotel in Beijing, China.

2.8 Chapter Conclusion

The conclusion of this chapter has conveyed theories and applications of customer loyalty (CL) and three independent variables including service quality (SQ) towards SERVQUAL model, switching cost (SC) and perceived value (PV). This chapter has discussed the definitions of customer loyalty and previous studies related to concepts, importance and applications from global and local perspectives. In addition, this chapter has analysed common influential factors that influence customer loyalty, which are regarded as basis of framework construction in the study. SERVQUAL model, Social Change Theory were also reviewed in chapter two to provide a better understanding of variables influencing customer loyalty. On the basis of review of past empirical literatures, a conclusion can be drawn that there are significant relationships between customer loyalty and three independent variables discussed in this research.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Overview

This chapter will discuss research methodology of the study beginning with research design. In addition, this chapter will explain sampling design with population and sampling size will be identified and determined as well as questionnaire to be distributed and unit of analysis will be discussed in this session. Moreover, this chapter will illustrate questionnaire design. Furthermore, the next part in this chapter is measurement of the study including what kind of test the study is going to conduct.

3.1 Research Design

A quantitative study is going in order to conducted to decide the influence for independen variables towards dependent variables. Moreover, a descriptive study is conducted for the sake of confirming and enable to describ the features of a focused variable for the situation or to describe relevant respects of theses variables from some perspectives such as individual, organisation, industry (Sekaran and Bougie, 2016). In addition, it is also considered as a correlational study so as to make a mere identification of associations among various variables.

A correlational study is undertaken with minimum researcher interference because the researcher only distributing questionnaires to the target respondents in the natural environment of the organisation without interfering with the normal work of flow. In addition, Cooper and Schindler (2013) stated that a corelational study is conducted in noncontrived settings because there is no interference with normal work of flow.

The study is regarded as a cross-sectional study since data is collected by questionnaires only once in days, weeks or months for the sake of answering research questions (Sekaran and Bougie, 2016).

3.2 Sources of Data

3.2.1 Primary Data

Primary data is used mostly in this research. The primary data is directly collected through face–to-face interview among respondents according to a questionnaire. There are 208 respondents providing their answers for the questions or statement in the questionnaire in terms of the evaluation of level of agreement towards service quality, switching cost and perceived value when they experienced service of budget hotels in Beijing, China.

3.2.2 Secondary Data

In this research, secondary statistics was also attained from several resources such as data base of Inti International University and internet. Some statistical data is obtained from official websites such as China Daily and the Qunar. The concept of factors and some academic information about the topic of this research is obtained from journals in internet such as Google scholarly articles ResearchGate, and Science Direct.

3.3 Data Collection

3.3.1 Questionnaire Development

Questionnaire is a wide range number of questions prepared by the researcher before to distribute to respondents in order to record the answers and considered as an efficient mechanism for data collection (Bryman and Bell, 2015). In order to achieve the research objectives, a questionnaire is used in this research.

Wong, Ong, and Kuek (2012) have suggested two methods to design questions which are adapting questions from other existing questionnaires and adopting questions from other existing questionnaires. In this research, the method of adopting questions from previous researches is applied to develop the questionnaire and also make the statements suitable to this research. The questonnire should be designed in both Mandarin and English version since the study is going to be conducted in Beijng, China. In addition, the structure and items of the questionnaire are shown in Table 5.

The statements of quality of service with 5 dimension (assurance, empathy, reliability, tangibility, and responsiveness) are according to the 22 items of service quality, the statements of switching cost are based on customers' personal cost and cost associated with the service, and the statements are based on quality of interaction, value for money and prestige.

Table 5: Structure of Questionnaire

	Items	No.	Sources/References
Part I	Demographic Profile	3	Sahoo and Mishra (2013) Adzoyi and Klutse (2015) Msallam and Alhaddad (2016)
Part II (Dependent Variable)	Customer Loyalty	6	Durmus, Ulusu, and Erdem (2013) Adzoyi and Klutse (2015) Hasan, Kiong, and Ainuddin (2014) Khan and Rizwan (2014) Upamannyu and Mathur (2012)
Part III (Independent Variables)	Service Quality (including 5 dimensions)	22	Hisam, Sanyal, and Ahmad (2016) Yarimoglu (2014)
	Switching Cost	5	Kim, Wong, Chang et. al. (2016) Lam, Shankar, and Murthy (2016) Khan and Rizwan (2014)
	Perceived Value	6	Hasan, Kiong, and Ainuddinet (2014) Šapić, Topalović, and Marinković (2014)

The questionnaire comprises with the statements related to all the factors and it is divided into three sections.

Section A: In this section personal information related to customer loyalty of budget hotel is provided. The section includes personal demographic profile such as gender, age and monthly income.

Section B: This section is about the statements on the evaluation of agreement level of customer loyalty. In this section, statement 1 to statement 3 measure the economic loyalty behaviour of budget hotel customers. Statement 4 to statement 6 measure the social loyalty behaviour of budget hotel customers.

Section C: This section consists statements related to factors influencing customer loyalty. And this section is divided into three sub-sections. Statements on respondents' evaluation of service quality for budget hotel they have stayed are provided in sub-section 1. In this sub-section, statement 1 to statement 4 measure the tangibility dimension of service quality for budget hotels. Statement 5 to statement 9 measure the reliability dimension of service quality for budget hotels. Statement 10 to statement 13 measure the responsiveness of service quality for budget hotels. Statement 14 to statement 17 measure the assurance dimension of service quality for budget hotels. Statement 18 to statement 22 measure the empathy dimension of service quality for budget hotels. Statements in sub-section 2 are designed to measure the switching costs including monetary cost and on-monetary cost. In the end, sub-section 3 comprises with statements measuring perceived value including quality of interaction, value for money and prestige (Šapić et. al., 2014).

As to statements related to service quality, switching cost, perceived value and customer loyalty, respondents are required to measure the agreement level of each variable with rating a five Likert scale such as "Strongly Disagree", "Disagree", "Neutral", "Agree" and "Strongly Agree". This means "1 = Strongly Disagree (SD)", "2 = Disagree (D)", "3 = Neutral (N)", "4 = Agree (A)" and "5 = Strongly Agree (SA)".

3.3.2 Sampling Frame and Techniques

The population in this research is customers of budget hotels in Beijing, China. Sampling is conducted from customers who stay in budget hotels in Beijing. There are 1240 budget hotels in 16 districts (refers to Appendix VII) in Beijing, China (Qunar.com, 2018). In addition, there

are 6 brand of budget hotels including Hanting Hotel, Home Inns, 7 Days, Super 8, Green Tree Inn, and Hi Inn who have hotels more than 50 of which there are more than 100 budget hotels owned by Hanting Hotel, Home Inns, 7 Days, and Super 8 in Beijng, China. Table 6 shows the budget hotels which are more than 50 hotels in Beijng.

Table 6: Number of Budget Hotels in Beijing

Budget Hotel	Number
Hanting Hotel	161
Home Inns	145
7 Days	148
Super 8	137
Green Tree Inn	65
Hi Inn	57

Source: Qunar.com (2018)

Table 7 dispalys the detailed distribution of these six brands of budget hotels in sixteen districts in Beijing. In this table, there are four brands of bugdget hotels who owns hotels more than 100 are mainly ditributed in 5 districts which are Dong Cheng District, Xi Cheng District, Chao Yang, Feng Tai, and Hai Dian District. Therefore, questionnaires are distributed in Hanting Hotel, Home Inns, 7 Days, and Super 8 in districts of Dong Cheng District, Xi Cheng District, Chao Yang District, Feng Tai District, and Hai Dian District in Beijing, China. Furthemore, the questionnaires are distributed through two channels including asking friends who live in Beijng for help, and going to Beijing myself to distribute the questionnaires since the data can be collected faster compared with using only one method to distribute questionnaires. Boxes with orange colour in Table 7 shows the budget hotels and disticts which are selected in Beijing.

Table 7: Questionnaire Distribution of Budget Hotels in Beijing

District	Budget Hotel						Total
	Hanting Hotel	Home Inns	7 Days	Super 8	Green Tree Inn	Hi Inn	
Dong Cheng	13	12	6	15	2	9	57
Xi Cheng	16	18	19	12	2	9	76
Chao Yang	43	36	31	23	9	11	153
Feng Tai	23	21	27	26	9	14	120
Shi Jingshan	3	2	2	5	0	2	14
Hai Dian	26	25	24	13	6	7	101
Men Tougou	1	1	0	1	1	0	4
Fang Shan	2	2	3	3	5	0	15
Tong Zhou	4	4	8	12	6	1	35
Shun Yi	5	4	6	6	7	1	29
Chang Ping	13	7	8	9	6	2	45
Da Xing	9	8	9	7	7	1	41
Huan Rou	0	1	1	2	1	0	5
Ping Gu	2	1	1	1	0	0	5
Mi Yun	0	2	1	1	2	0	6
Yan Qing	1	1	2	1	2	0	7
Total	161	145	148	137	65	57	713

Source: Qunar.com (2018)

In this research, simple random sampling is used. In accordance with Krejcie and Morgan (1970), the confidence level is 95 percent and the confidence interval is 5. And according to the online calculator which is used to determine sample size, the largest sample size is 384. Therefore, 384 respondents is enough to obtain statistic significance. Nevertheless, the sample size is this research is set as 200 since Poku et. al. (2013) used 97 surveys to investagate the factors that can influence customer loyalty in hotel industry and obtain statistic significance. In addition, acccording to another research of Msallam and Alhaddad (2016), 117 data were collected to study on customer loyalty in hotel industry and the statistic significance is also abtained in this study.

Respondents are interviewed through survey questionniare to collect information of personal demographic profile, evaluation for agreement level related to customer loyalty, switching cost, perceeived value and service quality within five dimensions.

3.4 Pilot Test

Pilot test is conducted for this research to ensure that the respondent of this research can understand the questionnaire easily and also understand the questionnaire in the same way. In addition, it is conducted to check whether the items in questionnaire are proper for this research. The sample size of 30 is used to carry out the pilot test.

3.5 Data Analysis Methodology

3.5.1 Descriptive Analysis

In this quantitative research, descriptive analysis is carried out to summarise the basic information of respondents collected through survey questionnaire. In addition, a frequency analysis is used in this research to summarise the percentage of each demographic characteristics of gender, age and monthly income using IBM SPSS 22.0. descriptive analysis shows the results of percentage of female and male, the percentage of each interval section in terms of age and monthly income.

3.5.2 Reliability Test

Reliability test is carried out in this research to check the consistency of items of questionnaire (Sekaran and Bougie, 2016). In addition, the reliability test is also used to test the degree of accuracy as well as precise that the measurement made on a specific variable (Huang, 2016). In this part, reliability test is carried out based on the whole sample size of 200 respondents.

Cronbach's Alpha is the most well-known technique to test consistency of items which are the questions (Sulibhavi and Ashankar, 2017). The number of Cronbach's Alpha value always ranges between 0 and 1. Further to this, the higher value of Cronbach's Alpha, the more it can describe the overall inside coherence of items. In addition, the value of 0.7 of Cronbach's Alpha can be deemed acceptable. Hence, a value of Cronbach's Alpha of 0.7 or above shows that the questionnaire is reliable and can be used for further analysis.

3.5.3 Factor Analysis

This study is to use factor analysis to determine whether factors used in the study are related to the study and items could be measured what the study wants to measure. Moreover, factor analysis is utilised to decrease unobservable variables from the large set of measurable and observable variables (Yong and Pearce, 2013). In other words, factor analysis is carried out to reveal latent structure of a series of variables. Factor analysis reduce the large number of variables with similar characteristics.

In this study, factor analysis is conducted to reduce 36 items to a small set of items and thus the latent factors are extracted to determine the customer loyalty towards budget hotels in Beijing, China.

As to factor analysis, there includes four fundamental procedures. The first procedure is to get the correlation matrix of all variables. For this step, variables which is not associated with other variables are identified from the matrix and associated statistics. The second procedure was to identify a small group of priminary factors from the correlation matrix with a few matrixes which are used to extract factors such as maximum likelihood, principal component and principal axis extraction. This research uses principal component analysis to extract factors and produces a component for each variable. Although this analysis will produce as many factors as variables, some variables whose value is less than 0.6 will be removed. As a result, in correlation matrix, a set of factors will be formed as a linear combination of the variables in

correlation matrix. The third step is to rotate factors in order to maximize the relationship between the variables and factors. It is easier to find out the factors through rotating factors. The fourth step of factor analysis is to computer the scores of each variable to be used in following analysis.

KMO (Kaiser-Meever-Olkin) is considered as a measure of testing sampling adequacy and Bartlett test of sphericity test is used to test the suitability of data for conducting factor analysis (Durmus, Ulusu, and Erdem, 2013; Rahman and Jalil, 2014). According to Khizindar et. al. (2015), KMO value, ranging from 0 to 1, ought to be 0.6 or above since it indicates that the items are designed reasonably and effectively and better to explain the results if KMO value is 0.6 or higher.

As stated by Cooper and Schindler (2014), factor loadings are correlation coefficients between the factor and variables. Zikmund et. al. (2012) has stated that a factor loading illustrates the strength of correlation between decriptive variables and the factor. According to Rahman and Kamarulzaman (2012), factor loadings can be used to test the convergent validity and items are selected based on the values of factor loadings. As stated by Subramanian et. al. (2016), the values of factor loadings should be 0.6 or above. Based on the factor loadings values, few items whose values are less than 0.6 might be removed to reduce the number of items in order to optimise the study (Ashraf, 2014; Moisescu and Gică, 2017).

According to Irfan et. al. (2016), an eigenvalue refers to the percentage of total variance explained by factors. In addition, the criterion of eigenvalue is that eigenvalues should be higher than one (Madariaga and Rivera, 2017). For instance, in the study of Durmus et. al. (2013), there is a factor with an eigenvalue of 4.55 which can explain 45.5% of variance. Furthermore, a factor with a low eigenvalue will contribute little to the explanation of variances.

3.5.4 Multiple Regression Analysis

Multiple regression test (MRA), which is considered as a descriptive tool, is an extension of Simple Regression Analysis. Multiple regression allows the researcher to test the impact and influence of several independent factors on one dependent variable (Cooper & Schindler, 2014; Zikmund et. al., 2012). Multiple Regression Analysis is usually undertaken to examine research questions and research hypotheses. Moreover, Multiple Regression Analysis can find out the best independent variable of dependent variable. Therefore, in terms of this research, multiple regression analysis was considered to be undertaken in order to check the contributing independent variables (switching cost, perceived value and service quality within five dimensions) of loyalty of customer over budget hotel in Beijing, China.

In this research, the formula is formed as follows:

$$Y = \beta_0 + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \beta_4 * X_4 + \beta_5 * X_5 + \beta_6 * X_6 + \beta_7 * X_7$$

Dependent Variable (Y): Customer loyalty
Independent Variables (X_1 to X_7): Tangibility (X_1), Reliability (X_2), Responsiveness (X_3), Assurance (X_4), Empathy (X_5), Switching Cost (X_6), Perceived Value (X_7)

Table 8 shows the important indicators of multiple regression analysis including R, R Square, Adjusted R Square and Beta Coefficient, Durbin Watson, Tolerance and VIF.

Table 8: Important Indicators of Multiple Regression Analysis

R	The coefficient of correlation which is R determines or measures the degree of linkage of IV with DV. Moreover, a higher value of R is going to lead to a strong linkage. (Levine, Stephan, and Krehbiel et. al., 2017).
R Square	The coefficient of determination which is identified as R^2 evaluates the percentage for variation in DV which can be explained by IVs and the higher the R^2 the stronger predictive of IVs (Keller, 2012).
Beta Coefficient	Beta refers to the amount of contribution of IVs to DV (Levine et. al., 2017).
Adjusted R^2	The coefficient of determination adjusted for degrees of freedom which is adjusted R Square has been adjusted with taking the sample size and the number of IVs (Keller, 2012).
Durbin Watson	Durbin Watson indicates the relationship in the sample. A Durbin Watson between 0 and 2 indicates there is a positive autocorrelation in the sampling.
Tolerance and VIF	Tolerance and VIF is to check whether the factors are independent.

3.5 Chapter Conclusion

The research methodology associated with the study was discussed in this chapter. In this chapter, the research was identified as a descriptive study. In this chapter, the population which is people who stay in budget hotel in Beijing, China and the sampling size of 200 were pointed out. Moreover, questionnaire was designed through adopting questions from existing questionnaire in previous studies. In addition, this chapter also pointed out the tests the study is going to operate in the following chapter, which are pilot test, factor analysis and reliability analysis as well as multiple regression analysis.

3.6 Gantt Chart of Timeline

Figure 7: Chart of Timeline

Milestone	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14
Research Title Confirmation	■	■												
Initial Research Proposal		■												
Draft Chapter I			■	■										
Draft Chapter II				■	■									
Draft Chapter III						■	■							
Conduct Pilot Study								■						
Questionnaire Distribution									■	■				
Compiling Data											■			
Data Analysis											■	■		
Draft Chapter IV												■	■	
Draft Chapter V													■	
Final Draft													■	■
Final Submission														■

CHAPTER IV

DATA ANALYSIS AND FINDINGS

4.0 Overview

This chapter is going to provide an overview of data analysis as well as the findings of the research. And it also will introduce the background of data analysis and data screening and response rate. In addition, this chapter will provide analysis of demographic characteristics in terms of gender, age and monthly income in the study, which is followed by validity and reliability test, factor analysis, and the multiple regression analysis (MRA). In the end, it will provide the summary of this chapter.

4.1 Background of Data Analysis

The software of IBM-SPSS 22.0 is used in this study to analyse the data collected from 200 respondents from the budget hotels' customers in Beijing, China. In this part of data analysis and findings of this study, some tests and analyses are going to be conducted including descriptive analysis, factor analysis, reliability test. In the end, the Multiple Regression Analysis will be carried out to test the relationships between independent variables (service quality, switching cost and perceived value) and dependent variable (customer loyalty).

4.2 Data Screening and Response Rate

With such unexpected problems as leakage and loss of questionnaires, 250 questionnaires are distributed in Hanting Hotel, 7 Days, Super 8 and Home Inns in five districts of Dong Cheng, Xi Cheng, Chao Yang, Hai Dian and Feng Tai in Beijing, China. However, only 208 respondents have submitted the responses. According to Choung, Locke, and Schleck et. al. (2013), the discarding of the excessive responses cannot be more than 10% of all the feedback. Consequently, in order to conduct data analysis, the data from 200 respondents will be analysed in this study. In accordance with the formula of response rate (RR), it can be calculated that the RR is equal to 83.2%.

$$\frac{Number\ of\ feedback\ received}{Number\ of\ questionnaires\ to\ be\ distributed} \times 100$$

Table 9: Sample Response Rate

QUESTIONNAIRES	RATE
Distributed Questionnaires	250
Received Questionnaires	208
Selected Questionnaires	200
Sample Response Rate	**(208/250) * 100 = 83.2%**

4.3 Descriptive Statistics

The descriptive analysis is also included in the study. The conditions of gender, age and monthly income are analysed by using IBM-SPSS 22.0 software based on the 200 questionnaires from the respondents.

Demographic characteristics are analysed towards 200 respondents in this research. Demographic characteristics are divided into three parts including gender, age and monthly income. Table 10 displays the information of demographic profile towards 200 respondents.

The first categories of demographic characteristics to classify the total sample size of 200 is gender aspect. As displayed in the Table 10, there are 98 males occupying 49.0% out of 200 respondents while there are 102 females accounting on the percentage of 51.0 which is slightly more than males.

The second classification of demographic information to introduce the detail data of 200 respondents is age perspective. In accordance with Table 10, comprised with 200 respondents whose ages are furtherly divided into 6 groups, the top two groups are respondents whose age is between 36-45 accounting for 26.5% and whose age is between 26-35 occupying the percentage of 27.0, respectively. In addition, as shown in Table 10, there are 19.5% and 12.0% of respondents are between 46 and 55 years old, and between 18 and 25 years old, respectively. However, respondents whose age is below 18 years old and above 55 years old are the relevantly less than other groups with only the percentages of 6.5 and 8.5.

Monthly income of each respondent is the third factor of demographic characteristics to describe the sample. As demonstrated in Table 10, the monthly income is classified of 5 groups. Respondents earning between 3,001 and 4,500, and between 4,501 and 6,000 accounts for the most percentage of 41.5 and 29.0. Moreover, there are 23 respondents within 11.5% whose

monthly income is above 7,500 while there are 19 respondents within 9.5% whose monthly income is below 3,000. In the end, there are only 17 respondents of 8.5% whose monthly income is between 6,001 and 7,500.

Table 10: Demographic Profile

Characteristics	Number	Percentage
Gender		
Male	98	49
Female	102	51
Age		
Below 18	13	6.5
18-25	24	12.0
26-35	53	26.5
36-45	54	27.0
46-55	39	19.5
Above 55	17	8.5
Monthly Income		
Below 3000	19	9.5
3000-4500	83	41.5
4501-6000	58	29
6001-7500	17	8.5
Above 7500	23	11.5

4.4 Reliability Test

The internal consistency reliability test is to check the consistency of items. In fact, the reliability of a measure indicates the degree to which measures are free from random error and therefore obtains consistent results. Furthermore, Cronbach's Alpha is considered as the most well-known technique to test consistency for items which are the questions.

In terms of this study, Cronbach's Alpha is utilised to determine the reliability among 39 items which are set up to measure (in 5 Likert scale) the service quality, switching cost, perceived value and customer loyalty. In terms of this research, the Cronbach's Alpha is 0.916 > 0.7 (refers to Appendix IX), which indicates that there is consistency among items.

4.5 Factor Analysis

Exploratory factor analysis (EFA), a statistical tool, is used in this research to reduce data to a smaller set of summary variables and to explore the underlining theoretical structure of the phenomena. EFA is used to identify the structure of the relationship between the variable and the respondent.

4.5.1 Measure of Sampling Adequacy

In this research, Keiser-Meyer-Olkin (KMO) sampling adequacy test is conducted to examine the adequacy of sample and the suitability of data for factor analysis. Bartlett's test of Sphericity is used in this research to provide a Chi-Square output which must be significant. It demonstrates that the matrix is not an identity matrix if Bartlett's test of Sphericity is significant (P=0).

In the research, the KMO is equal to .821 and Bartlett's test of Sphericity is significant. Therefore, the sampling is adequacy and the matrix is not an identity matrix, which means the researcher can move to further analysis.

Table 11: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.821
Bartlett's Test of Sphericity	Approx. Chi-Square	7435.853
	df	630
	Sig.	.000

4.5.2 Communalities

Communality is viewed as the percentage of variance. As to communilaties, every variable in the factor analysis shares with other variables. When comes to the research, the result of communalities of variables ranges from .668 to .859. As shown in Table 12, the first variables have the higher communalities which means that the variables are represented fairly by all other factors. Nevertheless, other variables have lower communalities in the following table.

Table 12: Value of Communalities

	Variables	Communalities
1	The hotel gives me individual attention.	.859
2	The hotel executes the transaction right the first time.	.851
3	Employees in the hotel have the knowledge to answer my questions.	.850
4	Overall, it would cost me a lot of time to find an alternative hotel.	.850
5	Booking system of the hotel is suitable for me.	.850
6	Employees in the hotel are never too busy to respond to my request.	.848
7	Employees in the hotel are consistently courteous with me.	.845
8	The behaviour of the employees in the hotel instils confidence in me.	.842
9	I recommend this hotel to those who ask my advice.	.831
10	Every promise given to customers is verified in a stated period.	.827
11	The hotel provides its service at the time it promises to do so.	.826
12	The hotel has modern looking equipment.	.825
13	Materials associated with the service (such as announcements) are visually appealing in the hotel.	.821
14	The hotel has employees give me personal service.	.817
15	Using the services of the hotel is in accordance with my social status.	.817
16	Overall, it would cost me a lot of efforts to find an alternative hotel.	.809
17	If I switch to a new hotel, the service offered by the new hotel might not work as well as expected.	.802
18	The staff is willing to help their customers in evert moment.	.802
19	When the hotel promises to do something by a certain time, they do.	.797
20	The hotel's features are visually appealing.	.793
21	When I have a problem, the hotel shows a sincere interest in solving it.	.792
22	The staff recognises and understands the needs of their customers.	.783
23	I will encourage my friends and relatives to choose this hotel.	.782
24	Employees in the hotel tell me exactly when the transactions will be performed.	.781

25	Employees in the hotel give me prompt service.	.780
26	The hotel's reception desk employees are neat appearing.	.777
27	The employees of the hotel understand my specific needs.	.777
28	Employees in the hotel are always willing to help me.	.775
29	I will continue to stay in this hotel.	.771
30	I consider this hotel to be my first lodging choice.	.770
31	The hotel has operating hours convenient to all its customers.	.766
32	Switching to a new hotel causes monetary cost.	.756
33	I do not like to change to another hotel I value the selected hotel.	.752
34	The hotel has my best interest at heart.	.727
35	If I switch to a new hotel, the service offered by the new hotel might not work as well as expected.	.688
36	I feel safe in my transaction with the hotel.	.668

4.5.3 Eigenvalue Criteria

Eigenvalue is utilised for a specific factor. In addition, eigenvalue shows the variance for every variable. For instance, the first factor indicates 40.410 percentage (refers to Appendix X) variance in all variables. In this research, the principal component analysis using extraction method performing eight factors comprised with customer loyalty, switching cost, perceived value and quality of service within 5 determinants of responsivenss, tangibility, assurance, empathy, and reliability. The eigenvalue of these eight factors are more than 1.0 with total variance of 79.736%. total variance greater than 50 percentage is considered to be satisfied and eigenvalues higher than 1.0 is considered to be significant. Consequently, the result above indicates that the identified factors can be applied to explain a specified amount of variance.

4.5.4 Result of Factor Analysis

Factor loadings of all statements is obtained from the principal component factor analysis and displayed in Table after the varimax rotation of the respondents' responses to the 39 statements related to their perception towards service quality, switching cost, perceived value and

customer loyalty. The factor analysis of 39 statement is conducted in this session. And the eight factors are ranked according to the proportion of variance explained and name is then provided to each factor to reflect the latent stimuli underlying customers' loyalty towards budget hotel. In this research, eight latent factors which can influence customer loyalty are identified after factor analysis of 36 statements. The total variance of these 36 statements is 79.736 percent.

The first identified factor is customer loyalty and this factor includes six sub-variables with total variance of 12.274 percent. "I do not like to change to another hotel I value the selected hotel." has a highest value of 0.802. This followed by "I will encourage my friends and relatives to choose this hotel" (0.797), "I say positive things about this hotel to other persons" (0.777), "I consider this hotel to be my first lodging choice" (0.769), "I will continue to stay in this hotel" (0.710), "I recommend this hotel to those who ask my advice" (0.688).

Empathy of service quality is the second factor which is identified in factor analysis. This factor has total variance of 11.466 percent with five sub-variables: "The hotel gives me individual attention" (0.858), "The hotel has operating hours convenient to all its customers" (0.810) "The hotel has my best interest at heart" (0.778), "The employees of the hotel understand my specific needs" (0.776), "The hotel has employees give me personal service" (0.759). This result of factor indicates that customer can be influenced by empathy of service quality.

The third factor with total variance of 10.863 percent which is identified is perceived value after factor analysis. This factor has five sub-variables: "Booking system of the hotel is suitable for me" (0.814). This is followed by "The staff is willing to help their customers in evert moment" (0.788), "Every promise given to customers is verified in a stated period" (0.782), "The staff recognises and understands the needs of their customers" (0.738), "Using the services of the hotel is in accordance with my social status" (0.737). This result of the factor shoes that customer loyalty can be influenced by perceived value.

Reliability is the fourth factor which is identified after factor analysis with total variance of 9.516 percent. This factor comprised with four sub-variables: "The hotel executes the transaction right the first time" (0.842), "The hotel provides its service at the time it promises to do so" (0.808), "When I have a problem, the hotel shows a sincere interest in solving it" (0.773), "When the hotel promises to do something by a certain time, they do" (0.756). The result of this factor indicates that customer loyalty can be influenced by reliability of service quality.

The fifth factor that is recognised is tangibility of service quality. This factor has total variance of 9.154 percent with four sub-variables: "The hotel has modern looking equipment" (0.820). This is followed by "The hotel's reception desk employees are neat appearing" (0.808), "The hotel's features are visually appealing" (0.794), "Materials associated with the service (such as announcements) are visually appealing in the hotel" (0.779). This result of factor indicates that customer loyalty can be influenced by tangibility of service quality.

The sixth factor which is identified after factor analysis is switching cost. This factor has four sub-variables with total variance of 8.935 percent: "Overall, it would cost me a lot of time to find an alternative hotel" (0.852). This is followed by "Switching to a new hotel causes monetary cost" (0.795), "Overall, it would cost me a lot of efforts to find an alternative hotel" (0.781), "If I switch to a new hotel, the service offered by the new hotel might not work as well as expected" (0.704). This result of the factor shows that customer loyalty can be influenced by switching cost.

The seventh factor recognised is assurance of service quality with total variance of 8.912 percent. This factor consists of four sub-variables: "Employees in the hotel are consistently courteous with me" (0.854). This is followed by "Employees in the hotel have the knowledge to answer my questions" (0.842), "The behaviour of the employees in the hotel instils confidence in me" (0.801), "I feel safe in my transaction with the hotel" (0.705). This result of factor displays that customer loyalty can be influenced by assurance of service quality.

The last factor which is identified after factor analysis is responsiveness of service quality. This factor comprised with four sub-variables within total variance of 8.615 percent: "Employees in the hotel are never too busy to respond to my request" (0.788). This is followed by "Employees in the hotel give me prompt service" (0.842), "Employees in the hotel are always willing to help me" (0.801), "Employees in the hotel tell me exactly when the transactions will be performed" (0.705). This result of factor indicates that customer loyalty can be influenced by responsiveness of service quality.

Table 13: Result of Factor Analysis

Item	Factor Loading							
	1	2	3	4	5	6	7	8
Customer Loyalty								
I do not like to change to another hotel I value the selected hotel.	.802							
I will encourage my friends and relatives to choose this hotel.	.797							
I say positive things about this hotel to other persons.	.777							
I consider this hotel to be my first lodging choice.	.769							
I will continue to stay in this hotel.	.710							
I recommend this hotel to those who ask my advice.	.688							
Variance (percentage of explained)	**12.274**							
Service Quality ☞ Empathy								
The hotel gives me individual attention.		.858						
The hotel has operating hours convenient to all its customers.		.810						
The hotel has my best interest at heart.		.778						
The employees of the hotel understand my specific needs.		.776						
The hotel has employees give me personal service.		.759						
Variance (percentage of explained)		**11.466**						
Service Quality ☞ Reliability								
The hotel executes the transaction right the first time.			.842					
The hotel provides its service at the time it promises to do so.			.808					

When I have a problem, the hotel shows a sincere interest in solving it. .773

When the hotel promises to do something by a certain time, they do. .756

Variance (percentage of explained) **9.516**

Service Quality ☞ Tangibility

The hotel has modern looking equipment. .820

The hotel's reception desk employees are neat appearing. .808

The hotel's features are visually appealing. .794

Materials associated with the service (such as announcements) are visually appealing in the hotel. .779

Variance (percentage of explained) **9.154**

Service Quality ☞ Assurance

Employees in the hotel are consistently courteous with me. .854

Employees in the hotel have the knowledge to answer my questions. .842

The behaviour of the employees in the hotel instils confidence in me. .801

I feel safe in my transaction with the hotel. .705

Variance (percentage of explained) **8.912**

Service Quality ☞ Responsiveness

Employees in the hotel are never too busy to respond to my request. .788

Employees in the hotel give me prompt service. .766

Employees in the hotel are always willing to help me. .758

Employees in the hotel tell me exactly when the transactions will be performed. .749

Variance (percentage of explained)   **8.615**

Switching Cost

Overall, it would cost me a lot of time to find an alternative hotel.   .852

Switching to a new hotel causes monetary cost.   .795

Overall, it would cost me a lot of efforts to find an alternative hotel.   .781

If I switch to a new hotel, the service offered by the new hotel might not work as   .704
well as expected.

Variance (percentage of explained)   **8.935**

Perceived Value

Booking system of the hotel is suitable for me.   .814

The staff is willing to help their customers in evert moment.   .788

Every promise given to customers is verified in a stated period.   .782

The staff recognises and understands the needs of their customers.   .738

Using the services of the hotel is in accordance with my social status. .737

Variance (percentage of explained)   **10.863**

Total % of Variance: 79.736

4.6 Multiple Regression Analysis

In this research, Multiple Regression Analysis is conducted to determine the relationship between independent variables (service quality, switching cost and perceived value) and customer loyalty. The result of Multiple Regression Analysis demonstrates the significant factors influencing customer loyalty and indicates the prominent factor of customer loyalty.

Multiple Regression Analysis is carried out to examine the relationship between factors and customer loyalty. The estimated parameters and the statistical significant levels are shown in Table 14. As shown in Table, the multiple regression model of customer loyalty with service quality, switching cost and perceived value produced R square is 0.666, $F_{(7, 192)}$ is 28.495, and P is 0.000 (<0.05). Therefore, the F-test is significant (P=0.000), and it can be concluded that the multiple regression model of customer loyalty is acceptable for this research.

According to Table 14, the value of Adjusted R Square is .492, which indicates that 49.2 percent variation in customer loyalty can be explained by service quality, switching cost and perceived value. Nevertheless, the remain 50.8 percent is due to other factors. The value of Durbin Watson is always between 0 and 4. A Durbin Watson value from 0 to 2 indicates that there is a positive autocorrelation in the sample while a value from 2 to 4 shows that there is negative autocorrelation in the sample. However, there is no autocorrelation in the sample when Durbin Watson is 2. In this research, there is a positive autocorrelation with the Durbin Watson of 1.542. Tolerance and variance factor (VIF) are used to test collinearity in this research. As shown in Table 14, the tolerances of all variables are more than 0.1 and VIF of all variables are less than 10. Consequently, there is no collinearity within the data.

Based on the results of Multiple Regression Analysis, the equation for customer loyalty is:

Customer Loyalty = 0.436 + 0.303 (Tangibility) + 0.151 (Reliability) + 0.187 (Responsiveness) – 0.169 (Assurance) + 0.188 (Empathy) + 0.017 (Switching Cost) + 0.208 (Perceived Value)

*[Tangibility, Reliability, Responsiveness, Assurance and Empathy are five dimensions of service quality.]

In accordance with the Table 14, it can conclude that five dimensions of tangibility, reliability, responsiveness, assurance and empathy of SERVQUAL model contribute customer loyalty in this research.

As displayed in Table 14, tangibility, first dimension of service quality, has a significant and positive relationship (P = 0.000, β = 0.303) with customer loyalty. In other words, tangibility does contribute to this regression model of customer loyalty. This finding is supported by Poku et. al. (2013), which the researchers have invstigated that tangibility can contribute to customer loyalty in Golden Tulip Hotel and Lizzie's Hotel in Ghana.

In the Table 14, P value and β for reliability is 0.019 and 0.151, respectively. This means that reliability is a significant (P < 0.05) influencer of customer loyalty. This is similar with the study of Poku et. al. (2013), in which the reliability has been examined as a significant factor influencing customer loyalty of Lizzie's Hotel in Ghana. Moreover, this finding is also supported by Jasinskas et. al. (2016) in which the researchers have found out that reliability can contribute to customer loyalty in hotel industry.

As displayed in Table 14, P value for responsiveness is 0.006 (P < 0.05) which means that responsiveness does contribute to customer loyalty. This finding that there is a significant relationship between responsiveness and customer loyalty in hotel service industry is also

investigated in the study by Jasinskas, Streimikiene, and Svagzdience et. al (2016) which is to test the impact of service quality on customer loyalty in hotel industry.

According to the Table 14, P value for assurance is 0.012 and β is (-.169). Consequently, there is a significant and negative relationship between assurance and customer loyalty. This is similar with the study of Poku et. al. (2013), which the researchers have found out the assurance has a significantly negative relationship with customer loyalty in Lizzie's Hotel in Gahana.

Form the Table, a conclusion can be drawn is that empathy does contribute to customer loyalty in this research since the P value is more than 0.05 (P = 0.005). This finding that empathy has a significant relationship with customer loyalty is aslo supported by (Malik, et. al., 2011)

As shown in Table 14, P value for switching cost (P = 0.811) is more than 0.05. Therefore, switching cost does not show any significant relationship with customer loyalty. Hence, switching cost does not contribute to this regression model of customer loyalty. Rahman and Kamarulzaman (2012) also supported that there is no significant relationship between switching cost and customer loyalty of hotel industry in Malaysia.

Form the Table 14, perceived value has a significant and positive relationship with customer loyalty since P value for perceived value is less than 0.05 (P = 0.005) and β for perceived value is more than 0 (β = 0.208). This finding that perceived value has a significant relationship with customer loyalty is also supported by Sattar et. al. (2014) whose study is to investigate the relationships among service quality, customer satsfaction, perceived value and customer loyalty.

The last finding is that the prominent factor of customer loyalty is one of dimensions of SERVQUAL model for tangibility since it has the largest β compared to other factors in this research.

Table 14: Result of Multiple Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.436	.276		1.578			
Tangibility	.303	.059	.316	5.160	.000	.681	1.469
Reliability	.151	.064	.158	2.362	.019	.569	1.757
Responsiveness	.187	.068	.187	2.767	.006	.562	1.779
Assurance	-.169	.067	-.160	-2.528	.012	.641	1.561
Empathy	.188	.066	.186	2.850	.005	.599	1.669
Switching Cost	.017	.069	.016	.240	.811	.602	1.660
Perceived Value	.208	.074	.202	2.818	.005	.499	2.005
R Square	.510						
Adjusted R^2	.492						
Durbin Watson	1.542						
F-Test	28.495 (P=.000)						
(Statistically significant at 0.05 level)							

4.7 Chapter Conclusion

The research is aimed at examining the relationship between factors (tangibility, reliability, responsiveness, assurance and empathy, switching cost, and perceived value) and customer loyalty. In order to achieve this objective, descriptive analysis is conducted to describe the basic information of sample size, reliability test is conducted to determine how accurate and precise the measurement made on a certain variable. The factor analysis is conducted to reduce variables into small groups. In the end, multiple regression analysis is carried out to examine the relationship between factors and customer loyalty and to find out the prominent factor of customer loyalty. And the summary of hypothesis testing result is shown in Table 15.

Table 15: Summary of Hypothesis Testing

	Hypothesis	Action
H_{1a}	There is a significant relationship between tangibility and customer loyalty in budget hotels in Beijing, China.	Fail to reject
H_{1b}	There is a significant relationship between reliability and customer loyalty in budget hotels in Beijing, China.	Fail to reject
H_{1c}	There is a significant relationship between responsiveness and customer loyalty in budget hotels in Beijing, China.	Fail to reject
H_{1d}	There is a significant relationship between assurance and customer loyalty in budget hotels in Beijing, China.	Fail to reject
H_{1e}	There is a significant relationship between empathy and customer loyalty in budget hotels in Beijing, China.	Fail to reject
H_2	There is a significant relationship between switching cost and customer loyalty in budget hotels in Beijing, China.	Reject
H_3	There is a significant relationship between perceived value and customer loyalty in budget hotels in Beijing, China.	Fail to reject

CHPTER V

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.0 Overview

This chapter focuses on the discussion, conclusion, recommendation and future research. This chapter starts with a brief summary of the content of this session. This part followed by conclusion and key findings based on the data analysis and search. In addition, this chapter also interpret limitation of the research in terms of time, sample size and data collection method. Moreover, this session provides recommendations and suggestions for future research. In the end, the chapter provides the personal reflection.

5.1 Conclusion

In this research, seven factors of tangibility, reliability, responsiveness, assurance, empathy, switching cost and perceived value are identified to determine the relationship with customer loyalty. The influence of these three independent variables service quality (tangibility, reliability, responsiveness, assurance and empathy), switching cost and perceived value within seven factors is shown by the significance of coefficients. This result can give an insight to hotel managers to observe the customer loyalty with these factors. In addition, this result has reconfirmed the results of previous researches.

It can be found that the tangibility under service quality is an important factor of customer loyalty. Furthermore, tangibility has a positive influence on customer loyalty. And in terms of tangibility, for instance, customers prefer to modern equipment. In addition, customers also want employees in reception desk with neat appearing. Secondly, reliability under service quality contributes to building customer loyalty towards budget hotels in Beijing. As to reliability, customers hope employees do what they promise to do by a certain time. Additionally, customer also hope employees show their passion and interest when solving the problems. Thirdly, it can be investigated that the better the responsiveness, the higher the customer loyalty. For responsiveness under service quality, customers wish employees provide prompt and timely service with high level. Fourthly, it can be observed that empathy under service quality have a positive influence on customer loyalty. In terms of empathy, customer want to obtain personal service and individual attention. In the end, although, assurance is an important factor of customer loyalty, it has a negative influence on customer loyalty.

In addition, the research result shows that switching cost does not contribute building customer loyalty towards budget hotels in Beijing. The reason might be that switching to another budget hotels does not take much cost, time and energy. Nevertheless, customer still concern about the service of the alternative budget hotel. Additionally, it also can be investigated that customer loyalty can be increased by improving perceived value. In other words, customer loyalty can

be increased by increasing employees' service skills to make customers happy and let them feel their benefits gotten from the service is equal to or even higher than the cost they expense. In conclusion, the conceptual framework is acceptable for this research.

5.2 Recommendations

In order to attract and maintain customers, the author puts forward three methods including improve facilities, increase service awareness of employees and provide individual attention and customised services.

First of all, although budget hotels only provide basic facilities such as bed and iron, hotels also can improve facilities from other perceptions. For instance, budget hotels can provide a bed with high quality and add sound-insulated facilities to create a quiet and comfortable environment for customers to sleep since they always prefer a cosy environment to sleep wherever they stay. In addition, this will not cost much for budget hotels, however, they will attract and maintain more customers. Additionally, budget hotels also can provide automatic check in and check out machine to make check in and check out faster and more convenient for customers.

In addition, increasing facilities in budget hotels is very limited because of cost restriction. Consequently, improving service quality is more important for budget hotels since the quality during performing services is critically significant for the overall evaluation of service quality. Budget hotels should provide efficient, standard and accurate service for customers. For instance, hotels should not make customers wait for a long time when they check in and check out. Moreover, employees should show their patient and polite when providing service. Basically, cleaners should make the rooms always be clean and tidy.

Last but not the least, budget hotels should provide individual attention and customised services to make up for the limitations of facilities. Although budget hotel is relatively cheaper compared to star hotel, it should also match customers' needs and wants as possible as it can. Budget hotel can provide individual attention and specific or customised services for customers to make them feel happy and surprised. For instance, service staff can record the time when customers enter and leave the hotel, ask customers whether they need taxi service in advance, and send a message and give a present to customers when their birthday. Moreover, housekeeping staff should pay attention to the custom of customers. For example, lozenge can be provided to customers who smoke. Providing customised services is not a costly programme for budget hotel and this will make customers feel at home.

5.3 Limitation of Study

During the study of research, the researcher has found some limitations or restrictions of this research including internal factor and external factor.

First of all, the main limitation of this research is time restriction. There are only fourteen weeks which is given to complete the research project. This short period of time is not enough to conduct a totally comprehensive research. In this research, there only four brands of budget hotels selected to conduct the survey. The time restriction makes the researcher not able to conduct research towards all budget hotels in Beijing. In addition, the sample size is also limited in this research. In this research, there are only 200 data collected from respondents being used for data analysis. In the end, the research only applies quantitative method to examine relationship between factors and customer loyalty towards budget hotels in Beijing. Somewhat, the result of data analysis might be a little bit different from the real life.

5.4 Future Research

After conducting this research, come suggestions for future research are identified. First of all, it is suggested that future research can focus on further research of factors influencing each independent variable. In other word, future research can be conducted to determine factors influencing each independent variable. For instance, this research put forward five dimensions of service quality to examine the relationship between service quality and customer loyalty, therefore, future research can find out the most important dimension of service quality. And the factors influencing perceived value also can be researched.

In addition, the second suggestion of future research is to extend the sample size. According to the online calculator, the sample size should be 384. However, a research is conducted to determine factors influencing customer loyalty based on a sample size of 97 and another similar research was carried out based on a sample size of 117. Therefore, the real sample size of this research is 200. However, the researcher should extend the sample size.

In the end, the third also the last suggestion of future research is to conduct another research to find out more factors that can influence customer loyalty towards budget hotels in Beijing, China. Based on the results and findings of data analysis, there are 49.2 percent variance of customer loyalty can be explained by service quality, switching cost and perceived value. Nevertheless, the remained 50.8 percent variance of customer loyalty is explained by other factors. Consequently, more researches are suggested to be carried out to find out other factors that can influence customer loyalty towards budget hotels in Beijing, China.

5.5 Personal Reflection

The researcher has learnt a lot and also faced challenges during study of this research. The researcher has learnt how to choose and conduct the topic of a research. And the researcher also learnt how to write a completed and comprehensive academic report of a research. In

addition, during the study of this research, the research has known how to do the literature review. Furthermore, the researcher also learnt how to use SPSS in order to conduct data analysis such as reliability test, factor analysis and multiple regression analysis. In the end, the researcher has a better and deeper understanding of customer behaviour and customer loyalty.

As well, the researcher also encounters some challenges during the study of research. First of all, the researcher is confused about literature review. Nevertheless, the researcher has overcome this challenge after consulting and communicating with the supervisor. The researcher has successfully completed the literature review. The largest challenge the researcher encounters is that some respondents do not want to fill up the questionnaire. And some respondents fill up the questionnaires without reading the questions carefully.

5.6 Chapter Conclusion

After data analysis, it can be observed that perceived value has a significant relationship with customer loyalty. However, there is no significant relationship between switching cost and customer loyalty. In addition, there is a significant relationship between service quality with five dimensions and customer loyalty. Nevertheless, assurance has a negative influence on customer loyalty. Therefore, hotel managers should focus on service quality and perceived value. Moreover, the researcher puts forward two approaches to increase customer loyalty including increasing facilities in budget hotels and training employees to improve their service skills. In addition, in this research, there are some limitations in this research including time restriction and sample limited. And the researcher suggests that future researches on factors influencing independent variables. The researcher also suggests that sample should be extended and future research on finding out other factors that can influence customer loyalty should be conducted.

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Appendix I Project Paper Log

PROJECT PAPER LOG

INTI International University

Faculty of Business, Communication and Law

This is an important document, which is to be handed in with your dissertation. This log will be taken into consideration when awarding the final mark for the dissertation.

Student Name:	QIU YUETING
Supervisor's Name:	**Ms. Kumarashvari Subramaniam**
Dissertation Topic: THE PROMINENT FACTOR INFLUENCING CUSTOMER LOYALTY IN BUDGET HOTEL IN BEIJING, CHINA	

Appendix II Initial Research Paper Proposal

STUDENT NAME & ID NO.	QIU YUETING I17012491
BROAD AREA	Marketing
Concise Tile	THE PROMINENT FACTIOR INFLUENCING CUSTOMER LOYALTY IN BEDGET HOTEL IN BEIJING, CHINA

Hotel industry has changed for the better day by day, and month by month (Khan, 2013). In last several years, hospitality industry has experienced fierce competition in China (Wong and Wickham, 2015). In addition, the tremendous growth of the accommodation services such as budget hotel has taken place because of the booming tourism industry (Almeida, 2017). Therefore, intense competition is going to face the budget hotels (Gu, Ryan, and Yu, 2012). And the competition is not only from the star-hotels but also from other type of accommodation such as homes in Airbnb which is a website to book homes in local countries since the price is lower than budget hotels. For hotel industry, building up customer loyalty is one of two strategies in getting competitive advantages (Msallam and Alhaddad, 2016).

Under the intense competition, it is critically significant for service organisations including budget hotels to obtain sustain loyal customers since there exists a strong linkage between customer loyalty and higher profitability of organizations by customers' repurchase of the product or service (Hasan, Kiong, and Ainuddin, 2014).

The study of Du and Tang (2014) showed that customer loyalty plays a more important role compared with market share in increasing the profits. Customer loyalty is crucial because Aliabadi, Navid, and Namamian (2013) announced that it largely contributes to the survival and improvement of companies. For hotel managers, building up customer loyalty is one of

two strategies in getting competitive advantages (Msallam and Alhaddad, 2016).

Based on the table below (Table 1), a conclusion can be drawn that different researchers suggest different factors that can influence customer loyalty in hotel industry in both China such as Xi'an and other countries such as Kenyan. However, there is lack of literatures investigate factors influencing customer loyalty in the context of Beijing, China in terms of budget hotels. Moreover, the factors that can influence the loyalty of customers are not fixed or based on the different contexts. Therefore, firstly, the research is to find out the factors influencing customer loyalty in budget hotel in Beijing, China.

Table 16: Factors Researched by Different Researchers

Researches	Components
Poku, Zakari, and Soali (2013)	Service quality and satisfaction
Sha and Zou (2012)	Based on perceived value
Shi (2013)	Brand image, perceived value, perceived quality
Msallam and Alhaddad (2016)	Customer satisfaction, trust on hotel and affective commitment
Tefera and Govender (2017)	Service quality and customer satisfaction
Stan, Caemmerer, and Jallet (2013)	Image perceptions, service quality, switching cost, and customer satisfaction
Yasin, Jamontaite, Ahmedova, and Akin (2017)	Brand personality
Yin and Shen (2017)	Switching cost and perceived value

According to Khizindar, Azzam, and Khanfar (2015), service quality has the strongest influence on customer loyalty compared to price, brand image and trends. In addition, Hafez

and Akther (2017) also stated that quality of service was tested as the most important determinant for customer's loyalty. Nevertheless, Sulibhavi and Ashankar (2017) supported that perceived value is the prominent influencer which could influence customer loyalty. Moreover, the study of Muturi, Omwenga, and Owino (2017) also showed that perceived value has the most significant influence of customer loyalty. Tamuliene and Gabryte (2014) have supported that the most significant influencer of customer loyalty is idetified as switching cost. However, as stated by Afande and John (2015), price is the most crucial factor that influencing customer loyalty. The prominent factor of customer loyalty is also different bansed on different palces and cultures. Therefore, secondly, the study is to find out the prominent factor that can influence customer loyalty in Beijng, China.

Research Objectives

The broad or general objective of this study is to find out the influential factors and the prominent factor that can influence customer loyalty in budget hotel in Beijing, China.

RO1: To determine the relationship between service quality towards SERVQUAL and customer loyalty in budget hotel in Beijing, China.

RO2: To determine the relationship between switching cost and customer loyalty in budget hotel in Beijing, China.

RO3: To determine the relationship between perceived value and customer loyalty in budget hotel in Beijing, China.

RO4: To determine the prominent factor that can influence customer loyalty in budget hotel in Beijing, China.

Research Questions

RQ1: Is there any relationship between service quality towards SERVQUAL and customer loyalty in budget hotel in Beijing, China?

RQ2: Is there any relationship between switching cost and customer loyalty in budget

hotel in Beijing, China?

RQ3: Is there any relationship between perceived value and customer loyalty in budget hotel in Beijing, China?

RQ4: Which is the prominent factor that can influence customer loyalty in budget hotel in Beijing, China?

Scope of Study

This research particularises in the factors which can influence customer loyalty towards budget hotel industry in Beijing, China. In detail, this study is aimed at ascertaining the influence of service quality, switching cost as well as perceived value on customer's loyalty in Beijing, China.

The data is collected from the targeted participants (determined via non-probability approach) who stay in the budget hotels in Beijing, China. The researcher selects Beijing as the location because China is too large and Beijing is the capital, and the economic, political and military centre of China (China Travel, n.d.).

Furtherly, questionnaires will be distributed among 4 brands of budget hotels in 5 districts of Dong Cheng District, Xi Cheng District, Chao Yang District, Feng Tai District, and Hai Dian District located in Beijing since there are more than 100 hotels owned by these 4 brands and mainly distributed in those 5 districts.

Significance of Study

Budget hotel companies need to think about what happens before, during, and after the customer interacts with the property in order to discover influential constructs influencing the customer loyalty. Consequently, the study highlights the relationship between factors consisting of service quality, switching cost as well as perceived value and customer loyalty

towards budget hotels in Beijing, China.

The study is vital since it provides a practical help to budget hotels marketers in developing profound observation and more comprehensive understanding of customers of economic hotel industry in Beijing, China. Therefore, this will enable budget hotel marketers to know where to focus on and come up with more effective and efficient future strategies including promotion to stimulate customer loyalty in budget hotel industry in Beijing, China. Furthermore, budget hotel marketers will be able to make customers believe the reliability of the promotions to encourage customers engaging in the promotion to achieve the customer repurchase. These will contribute to making customers be more willing to retain loyal and can create long-term profit for the budget hotel industry in Beijing, China.

Literature Review

2.1 Budget Hotel

2.1.1 Concepts of Budget Hotel

According to Almeida (2017), the hotel of budget accommodation has obtained a reputation and credibility and recognition with high levels. These hotels are considered as a "challenger" against "traditional or well-established hotel brands" in the market, via their value for money, "convenience", "flexibility" and perhaps the most significantly, "opportunities for social interaction and a more authentic local experience". As stated by Rahimi and Kozak (2016), in the literatures, the terms "budget hotel", limited service" and "economy hotel" have been used interchangeably popular. As a matter of fact, there is lack of unanimous definition of budget hotel (Subramanian et. al., 2016). In other word, there is no precise definition of budget hotel.

The report adapted by OCN (2018) interprets that budget hotel is a kind of hotel which focuses on customers who are business people from small and middle enterprise, leisure self-help tourists. In addition, budget hotels are small and middle sized hotels with moderate house prices.hotels. Compared to luxury hotels, budget hotel is relatively cheaper and budget

hotels just provide basic services and facilities. Nevertheless, the definition of budget hotel pointed out by Zhang, Ren, and Shen et. al. (2012) which budget hotel offers simple and comfortable accommodation with a modest price is widely used by the recent researchers. Home Inns, Super 8, Hanting Hotel and 7 Days are examples of budget hotels in China.

2.1.2 Characteristics of Budget Hotel

In budget hotels, limited facilities such as single bed, iron board and water bottle are provided in guest rooms. According to Ren, Qiu, and Wang et. al. (2016) and Yang and Luo (2016), there are five similar characteristics of budget hotel including "a low trriff structure, minimun range of facilities, limited range of services, strategic location and modern abd modular constructuin". In addition, Peng, Zhao, and Mattila (2015) supported that the commonly accepted features of budget hotels including limited service, simple rooms, standardized accommodation, low cost, low construction and operation costs, and fewer than 150 rooms.

2.2 Opportunities and Challenges Faces by Budget Hotel

According to Zhang, Guillet, and Gao (2012), the economic factors such as market demand, market size as well as GDP per capita and political factors such as local policies and mega events are the significant factors that influence investors to invest in China. In recent years, budget hotels in China have increased largely since the rapid development of economy since 1976. For instance, the gross domestic product in China because of its entry to the World Trade Organisation and its opportunities to host Olympic Games 2008, the Shanghai World Expo 2010 as well as the Asian Games Guangzhou 2010 (Li, Blake, and Cooper, 2011). All these Games or events contribute to Chinese GDP and attract much more international as well as domestic tourists, and thus indirectly contribute to the development of hotel industry. Therefore, budget hotel industry has a prospective development with beneficial economic situation in China in the future.

According to Jiang, Gretzel, and Law (2014), there were 1,698 budget hotels in 2007 while

the number of budget hotels has increased to 13,528 in 2011 with an increasing number of international as well as domestic tourists. In 2014, China ranked as the top one country in tourists all over the world with receiving more than 1.1 billion tourists (United Nations World Tourism Organisation, 2016). Consequently, China has a great tourism customer-base for the development hotel industry due to an increasing number of international and domestic tourists. Therefore, budget hotel industry has a great potential to grow in the future with the rapid development of tourism.

For budget hotel industry, the first challenge is the intense competition both from the budget hotels and similar hotels such as Airbnb. In recent years, the number of budget hotels has significantly increased especially after hosting Olympic Games 2008. Therefore, the competition between budget hotels become greater. In addition, the introduce of Airbnb also brings competition for local budget hotels. The second challenge for budget hotels is that the government has not done much to train budget hotels give financial support and help them in promotion and marketing. The third challenge for budget hotel is to hire the right person for itself. The hospitality industry depends largely on human resource (Taylor, 2017). Therefore, it is important for hotel managers to find out and hire a proper employee with positive attitude.

2.3 Customer Loyalty

Amin, Ahmad, and Hui (2012) supported that customer loyalty is a key element for an organisation's long-term variance since customer loyalty helps a company when facing many uncertainty problems in a market with intense competition. Therefore, over recent decades, customer loyalty has attracted much more attention from professionals as well as researchers and been largely studied in a great number of literatures.

According to Khuong and Dai (2016), customer loyalty is used to describe the repeat customers' behaviour. Based on the previous researches and literatures, this study explains the definition of customer loyalty which defines customer loyalty as customers who are

satisfied with the products or services are willing to repurchase the same products or services and to recommend the products or service to other people. This definition is summarised from following definitions.

According to Stum and Thiry (1991), customer loyalty is defined as the strength of the relationship between personal attitude and his or her repurchases and recommendations of a product or service. In accordance with Prus and Brandt (1995), customer loyalty drived by customer satisfaction defines as a long-term relationship between customers and a company which customers promise to maintain. Bhote (1996) pointed out that customer loyalty is satisfied customers are willing to promote the products and services from the selected companies. In addition, Oliver also put forward that customer loyalty is a commitment of customers to repurchase products and services of the identical company in various scenarios. As sited of Wallace, Giese, and Johnson (2004), customer loyalty is considered as customers' preference for the unique option in their behaviour and attitude when two selections are provided. In the end, Rundle-Thiele (2005) pointed out that customer loyalty is customers' repurchases behaviour of the identical products and services both in attitude and behaviour and loyal customers are very willing to recommend such products and services to other people.

As to the measurement of customer loyalty, Liu and Wang (2017) measures customer loyalty as customers' intention of repurchase and tolerance towards prices. According to Miranda, Rubio, and Chamorro (2014), customer loyalty is measured from three perspectives including behavioural loyalty, attitudinal behavioural and congnitive. Behavioural loyalty is about customer's repeat purchases of the same products and services or about long-term relationship between customers and providers. Attitude loyalty is about a customer's conscious evaluation on different brands or companies in the market. In the end, cognitive loyalty is about a customer's changeless choice of a company. However, Li (2013) stated that customer loyalty is measured as two ways consisted the behavior of customers which refers to repeat purchases of customers for the identical brand and recommendation from

custoers for the same brand to others, and the attitude of customers which refres to "the internal affect and perception components" of customer loyalty.

Based on the previous literatures, in this research, it is considered that the measurement of customer loyalty should include behavioural loyalty referring to repeat purchase and recommendation of the same product or service.

2.4 Factors Influencing Customer Loyalty

From the researches and studies, there are various factors that can influence customer loyalty. And the examples of important factors influencing customer loyalty are as follows.

According to a wide range of interviews with consumers, it is confirmed that customer loyalty is influenced by the price, the trends, brand image and service quality, which mainly influence young people because these people are easily to be influenced by peers or friends and to make decisions in a haste and sudden (Khizindar et. al., 2015). As stated by Amin et. al. (2012), switching cost, service quality, corporate image and have a vital influence on customer loyalty.

In addition, customer loyalty can be influenced largely by customer satisfaction and switching barriers including switching cost through review of previous studies (Kim, Wang, and Chang et al., 2016). According to previous studies, customer loyalty might be influenced by the strength of switching cost in service industry (Hafez and Akther, 2017). Various literatures have discussed diverse influential factors on customer loyalty, and the all are in agreement with the point that value and quality importantly contribute to building customer loyalty (Bhatt, 2015).

Regarding to undertaken research, perceived value, trust, service quality website design, easy use website, customization, care and support, and commitment are core influential factors

for the establishment of customer loyalty in e-commerce (Izadi and Zadeh, 2015). Koupal, Alipourdarvish, and Sardar (2015) stated that perceived value is a significant factor that can contribute to customer loyalty. Moreover, Hasan et. al. (2014), also supported that perceived value has a strong influence on customer loyalty.

According to Aliabadi et. al. (2013), switching cost has a positive influence on customer loyalty. This is also supported by Qin, Chen, and Wan (2012) that switcing costs can contribute to customer lotalty.

Referring to previous literatures, it is considered in this study the factors influencing customer loyalty should cover service quality, switching cost and perceived value based on the SERVQUAL model and social change theory interpreted in chapter 2.5.

2.4.1 Service Quality towards SERVQUAL Model
2.4.1.1 The Concept of Service Quality
Kotler (2012) stated that "A service is an activity or benefit that one party can offer to another party. Intangible and does not result in the ownership of anything". Service quality is an abstract concept and various researchers pointed different definitions of service quality. According to Poku, Zakari, and Soal (2013), service quality can be defined as the difference between the expectations of customers towards service providers and the perceptions of the service they have received. Du and Tang (2014) pointed out that service quality is "customer's subjective cognition, not objective evaluation." And it is the assessment on service organisations after comparing the difference between their expectation of service and the real service they received. Ishaq (2012) described service quality as "the customers' overall judgment of the excellence of service offering". Although there are various definitions of service quality, the most acceptable definition is that service quality is the gaps between customer's expectations of a service and the real service received.

According to Hafez and Akther (2017), service quality has become an important component

and the most powerful competitive weapon that all the service providers want to own. Therefore, service quality should be coved in this research as one of factors influencing customer loyalty towards budget hotels in Beijing, China.

There are several methods to measure service quality such as SERVQUAL, SERVPERF, INTISERVQUAL and INSQPLUS. And different models might be used into different industries. According to Al-Abaaneh (2017), HOLSERV, DINESERV, CASERV and LODGSERV are used in tourism industry. DINESERV also can be used in restaurants and CASERV is used in the accommodation sector to measure the service quality. In addition, INTQUAL and INTERSERVQUAL are used in employees' perception of service quality. In accordance with Ramzi and Mohamed (2010), SERVQUAL model is widely used in various researches and studies in service sector such as hotels, tourism, dental services and hospitals. Therefore, this study applies to SERVQUAL model with five dimension of tangibility, reliability, responsiveness, assurance and empathy.

2.4.1.2 The Concept of SERVQUAL

SERVQUAL which was proposed by Parasuraman et. al. (1985) is the most popular model to measure or evaluate service quality. Ten dimensions including tangibility, reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and consumer were firstly proposed (Khuong and Dai, 2016). However, the authors redefined these ten dimensions into five dimension which is applied in this research (Ivanauskienė and Volungėnaitė, 2014). These five dimensions includes tangibility, reliability, responsiveness, assurance and empathy (Hafez and Akther, 2017).

Tangibility

According to Parasuraman, Zeithaml, and Berry (1988), tangibility is defined as personal appearance and physical facilities such as display and equipment. Genoveva (2015) stated that tangibility is "the appearance of physical facilities like buildings and front office,

availability of parking, cleanliness, tidiness, and comfort of the room, completeness communications equipment, and employee appearance". Tangibility is the basic component and the security and convenience for consumers and it is used by companies to convey the image and signal quality (Li, 2013). In this study, tangibility refers to the appearance and condition of the hotel rooms, the technology used in hotel, appearance and uniform of the hotel employees, the appearance and design of the rooms and settings of hotel, the hotel's sign and its advertisements.

Reliability

Reliability has been defined as the capacity of a company to provide the committed service dependably and correctly (Parasuraman et. al., 1988). In other words, reliability refers to the ability of a firm to provide promised service reliably and accurately. According to Li (2013), reliability is critically significant for a company since customers would like to deal with a company who always keep promises with its customers. This means that the company possesses a skll to communicate with its customers. In this research, reliability refers to hotel's ability to perform promised things reliably and correctly. For instance, hotel should do things by the time it promises, and the hotel should be sympathetic and reassuring when customers have problems.

Responsiveness

Parasuraman et. al. (1988) have defined responsiveness is the degree of employees' willingness to help customers and provide quick service. In other words, responsiveness refers to the will of service staffs to provide real-time service and help customers to deal with problems they are encountering. According to Li (2013), companies need to think on the perspective of customers rather than companies themselves if companies want to be successful since responsiveness is concerned with promptly and attentively solving the consumers' requests, problems questions and complaints. In this study, responsiveness refers

to the alertness of service employees to serve customers, employees' speed to handle the transaction and complaints.

Assurance

According to Parasuraman et. al. (1988), assurance is defined as "the trained courtesy of employees and also the ability to inspire trust and confidence from them". According to Li (2013), assurance represented that the personnel uses trust and confidence to combine the customer to the service provider and it refers to how traditional selling and relationship marketing expressed information and shared understanding to customer. Genoveva (2015) pointed out that staff in service organisations should be professional, polite and reliable. This represents that staff in hotels should have enough knowledge of the service and to answer the questions of customers.

Empathy

In accordance with Parasuraman et al. (1988), assurance has been defined as the firms` personalized attention given to their customers and the personal care and assistance given to them. This means empathy refers to individual attention to companies' customers including that the company make it easy for customers to contact with them. Assurance also includes employees in company are able to communicate with its customers and know the needs and demand of its customers. Based on assurance, many companies provide customised services to compete with their competitors. In this study, assurance refers to individual attention such as knowing preferences and needs of the customer given to the customer.

2.4.1.3 The Relationship between Five Dimensions and Customer Loyalty
Tangibility

In research conducted by Poku et. al. (2013), the relationship between service quality and customer loyalty through SERVQUAL model was inveastigated towords hotel industry in

Ghana and Golden Tulip, Miklin Hotel and Lizzie's Hotel were selected in this study. In addition, data from 50 customers and 5 staff were collected. Probit regression was used in this study and indicated that tangibility can contribute to customer loyalty among customers in Golden Tulip and Lizzie's Hotel.

Malik, Naeem, and Nasir (2011) carried out a study to study customer loyalty towards hotel industry in Pakistan. The study is aimed to investigate different effects of service quality regarding to five dimensions of SERVQUAL on customer loyalty in eight different hotel in Parkisten. Questionnaire was applied in this study to collect data from 190 respondents. Multiple regresson analysis revealed that tangibility plays a positive role on building customer loyalty towards Pakistan's hotel industry.

Ramzi and Mohamed (2010) conducted a research to investigate the impact of service quality on customer loyalty towards hotel industry in Jordan. Data has been collected from 322 respondents which had experienced hotels in Jordan through questionnaire based on SERVQUAL model. Pearson Correlation Coefficient and Multiple Linear Regression were both used in this study. The results indicated that tangibility under service quality has a significantly positive influence on customer loyalty towards hotel industry in Jordan. Hence, the hypothesis is shown in the following:

H_{1a}: There is a significant relationship between tangibility and customer loyalty towards budget hotel in Beijing, China.

Reliability

In the study conducted by Malik et. al. (2011), it investigated how service quality contributes customer loyalty among customers in eight different hotel in Pakistan. Questionnaire based on the SERVQUAL model was used to complete data collection. In this study, 190 data

collected by questionnaire was used to determine the relationship between different dimensions and customer loyalty by using multiple regression analysis. The result showed that reliability can contribute to customer loyalty towards hotel industry in Pakistan.

The research of Poku et. al. (2013) investigates the impacts of service quality on customer loaylty based on SERVQUAL model in hotel industry. And the research was conducted among Golden Tulip, Miklin Hotel and Lizzie's Hotel in Kumasi, Ghana. In this research, 50 customers who were randomly selected and 5 staff purposively choosed were distributed questionnaires through SERVQUAL model to determine the relationship between service quality and customer loyalty. Relaibity was investigated that it has a significant role on customer loyalty in Lizzie's Hotel by using probit regression.

Ramzi and Mohamed (2010) conducted a research to determine the impact of service quality on influencing customer loyalty in hotel industry in Jordan. There were 322 customers who had experienced the hotels being responded through questionnaire according to SERVQUAL model. The results of Pearson Correlation Coefficient and Multiple Linear Regression reveals that reliability is an important predictor of customer loyalty in hotel industry in Jordan. Therefore, the following hypothesis is inferred:

H_{1b}: There is a significant relationship between reliability and customer loyalty towards budget hotel in Beijing, China.

Responsiveness

In Ramzi and Mohamed (2010) research investigated the impacts of service quality on customer loyalty towards Jordan hotel industry. Questionnaire based on SERVQUAL model was used and responds from 322 customer who have experienced hotel in Jordan have been collected. Multiple regression analysis was used in this study. And the multiple regression

indicated that customers with higher level of responsiveness will lead to their longer customer loyalty. This means assurance has a significant and positive influence on customer loyalty over hotel industry in Jordan.

In Poku et. al. (2013) study examined the influence of service quality on customer loyalty in three hotels of Golden Tulip, Miklin Hotel and Lizzie's Hotel in Kumasi, Ghana. Questionniaire was designed by SERVQUAL model and distributed among 50 customers and 5 staff og these three hotels. Probit regression analysis method was used to determine the influence of service qulity on customer loyalty. Based on the data analysis, the results showed that responsiveness contributes a lot to customer loyalty in Miklin Hotel in Ghana.

Khuong and Dai (2016) have conducted a research to examine the factors influencing customer satisfaction and customer loyalty in order to increase profits for taxi service providers in Ho Chi Minh City in Vietnam. SERVQUAL model within five dimensions (Tangibility, Reliability, Responsiveness, Assurance and Empathy) have been considered in this study to determine the impact of service quality on customer loyalty. The data was collected from 288 respondents based on a survey cross-section methodology. Multiple regression indicated that responsiveness paly a positive role on building cutomer loyalty towards taxi companies in Ho Chi Minh City, Vietnam. Hence, the hypothesis is inferred as follows:

H_{1c}: There is a signficant relationship between responsiveness and customer loyalty in budget hotel in Beijing, China.

Assurance

Poku et. al. (2013) have carried out a research through questionnaire based on SERVQUAL model among 50 customers randomly selected and 5 staff purposive selected to investigate how service quality can influence customer lotalty among customers in Golden Tulip, Miklin

Hotel and Lizzie's Hotel. Based on the probit regression analysis, the result indicated that assurance under service quality has a significant impact on customer loyalty among customers of Miklin Hotel and Golden Tuplip.

In Ramzi and Mohamed (2010) research investigated the impacts of service quality under SERVQUAL model on customer loyalty towards Jordan hotel industry. Questionnaire was used and responds from 322 customer who have experienced hotel in Jordan have been collected. Multiple regression analysis was used in this study. And the multiple regression indicated that customers with higher level of assurance will lead to their longer customer loyalty. This means assurance has a significant and positive influence on customer loyalty over hotel industry in Jordan. Hence, the hypothesis is inferred in the following:

H_{1d}: There is a significant relationship between assurance and customer loyalty in budget hotel in Beijing, China.

Empathy

Malik et. al. (2011) also investigated that empathy has a significant relationship with customer loyalty towards hotel industry in Pakistan. The reseachers interviwed 190 customers of eight different hotels through self-administered questionnaire bansed on SERVQUAL model to examine how service quality can influence customer loyalty. Multiple regression analysis revealed that the higher level of empathy can lead to higher level of loyalty of customers in hotels. This means empathy has a significantly positive impact on customer loyalty towards hotel industry in Pakistan.

In Poku et. al. (2013) research investigated the influence of trust on customer loyalty towards hotel Industry in Ghana. Data was collected from 50 customers and 5 staff of Miklin Hotel, Golden Tulip and Lizzie's Hotel through questionnaire on the basis of SERVQUAL model.

Probit regression method indicated that customers in Miklin Hotel and Golden Tulip with high level of empathy seem to show higher level of loyalty. In other word, it can conclude that empathy is a significantly positive factor of customer loyalty.

Ramzi and Mohamed (2010) conducted a study to investigate whether five dimensions under SERVQAL model are significant factors in influencing customer loyalty over hotel industry in Jordan. There were 322 customers of hotels being asked to fill up the questionnaire. Multiple regression analysis revealed that the higher the assurance, the longer the loyalty. It can confirm that assurance is a significant and positive predictor of customer loyalty over hotel industry in Jordan. Therefore, the hypothesis is inferred as follows:

H_{1e}: There is a significant relationship between empathy and customer loyalty in budget hotel in Beijing, China.

2.4.2 Switching Cost
2.4.2.1 The Concept of Switching Cost
Based on both the external comparison and the internal obstacle, Kim et. al. (2016) have found two dimensions of switching barrier which are "alternative attractiveness" and "switching cost". In addition, Kihara and Ngugi (2014) have pointed out that the switching barrier is consisted of switching cost, the attractiveness of alternatives, and interpersonal relationships.

According to Khan and Rizwan (2014), switching cost is defined as "the cost of changing services in terms of time, monetary value and psychological factor". In addition, Stan, Caemmerer, and Jallet (2013) defined switching costs as "the cost involved in changing from one supplier to another."

A paper of Huang (2016) defined switching costs as "the price consumers pay for switching

to another supplier or vendor". Moreover, switching cost is related to "the price incurred when changing from one product/service to another" (Kim et. al., 2004). Finally, for another thing, switching cost is defined as "the costs associated with switching from one service provider to another which will not incur if a customer stays with the current service provider" (Amin et. al., 2012).

Khan and Rizwan (2014) noted that the switching cost can be divided into two groups comprising with customer's personal cost which is related to the efforts facing customers when accessing the other brand, economic benefits provided by the brand and the risks which come out in term of wrong choices or decisions, and the cost related with the product including costs in redesigning and investment. However, Stan et. al. (2013) stated that switching costs can be classified as monetary costs and nonmonetary cost.

Switching cost comes out when customers have switching behaviour such as switching to another product or service, consisting of costs of time, money and psychology, which are broken down as psychological, physical and economic costs (Kihara and Ngugi, 2014). This was supported by Ting (2014) that switching costs can be divided as loss of time, psychological cost, financial switching cost including cost of benefit loss and monetary loss, and relational switching cost including costs of personal relationship loss and brand relationship.

It was noted that switching cost is one of the important antecedents for businesses of both business to business (B2B) and business to consumer (B2C) models (Hafez and Akther, 2017). In addition, according to Kim et. al. (2016), switching cost is important for new entrants of service industry since switching costs have an inhibitive influence on the development of new service companies.

Increasing switching costs has become a significant strategic selection for businesses in order

to survive in the market where the competition is increasingly fierce, therefore, the study focusing on switching costs has been broadly carried out by a wide number of researchers in fields of management, economics and marketing (Zhang, Chen, and Zhao et. al., 2017). Nevertheless, Amin et. al. (2012) held on the point that increasing switching cost would leads to higher risk and heavier burden on the consumers.

Switching cost is a crucial concern because it is seen as an important and practical strategy many enterprises use to remain the customers and it is a common phenomenon which is universally mentioned in different consumption sectors and different industries (Ting, 2014). As a result, in the common competition market, the ways and means of managing switching cost will be developed into a significant strategic decision (Zhang et. al., 2017).

2.4.2.2 The Relationship between Switching Cost and Customer Loyalty

Based on the literature review, switching cost is considered as an independent variable in the study to confirm the relationship between switching cost and customer loyalty in budget hotel in Beijing, China. In addition, there are some literatures have investigated that switching cost has a significant relationship with customer loyalty both in hotel industry and other industry.

Yin and Shen (2017) conducted a research to investigate whether switching cost has a significant relationship with customer loyalty towards hotel sector in China. In the research 254 respondents of hotel customers in China have filled the self-administered questionnaires. SEM was used in this study to determine the relationship between switching cost and customer loyalty. The result showed that the switching cost has a significant influence on customer loyalty towards hotel sector in China.

Zhou (2016) carried out a research to determine the relationship between switching cost and customer loyalty of hotel industry in China. Quantitative method was applied in the research to distribute questionnaires. Based on the data analysis, the result showed that the switching cost has played a significant role on building customer loyalty towards hotel sector in the context of China.

Stan et. al. (2013) conducted a research to investigate how image perceptions, service quality and customer satasfaction influence customer loyalty and to investigate the role of switching cost on customer loyalty. There were 881 respondents participating in this survey. based on the data analysis, it can can conclude that switching cost has the strongest, positive and direct contribution to customer loyalty comapred to other factors in the model. Consequently, the following hypothesis is inferred:

H_2: There is asignificant relationship between switching cost and customer loyalty in budget u hotel in Beijing, China.

2.4.3 Perceived Value
2.4.3.1 The Concept of Perceived Value
According to Šapić, Topalović, and Marinković (2014), the value is the most commonly defined as "a difference between benefits and sacrifices" come from purchasing and utilizing products or services. In other words, the value contains a number of various benefits which customers can get from spending money, time, and energy to purchase and use the products or services.

Javed and Cheema (2017) stated that customer value is viewe as "trade-off" between two parties. One party gets the financial value while the other one obtain benefit from consuming products and services. In addition, Auka (2016) considered customer value as "the

fundamental basis for all marking activity".

Chung, Yu, and Kim et. al. (2015) have found that customer behaviours can be better understood by assessing through perceived value.

In accordance with Auka (2016), perceived value is defined as "the customers' overall assessmennt of the unit of a product" on the basis of the perceptions on what is given and received. In addition, perceived value is also considered as the difference between prospective assessment of customers of all the benefits and the cost on an "offering versus perceived alternatives". Therefore, perceived value can be considered as a summarized assessment of benefits versus costs (Šapić et. al., 2014).

In the study of Šapić et. al. (2014), it is indicated that perceived value contains two elements which are the perceived attributes of products as well as services and the perceived attributes of substitites.

Accrding to Krasna (2012), there are four dimensions of perceived value including social value, emotional value as well as two categarizes of financial value which are price or value for money and performance or quality. Moreover, Auka (2016) pointed out there are four dimensions of perceived value which are Monetary value, emotional value, customization value, and relational value.

One significant dimention of perceived value is quality of interaction ("relationship benefits") (Šapić et. al., 2014). This type of dimension becomes significant when evaluating a product or service becomes difficult even after the customers' consumption. In addtion, another dimension of great significance to assess the value of a product or service is the value for money which is often considered as economic value. Further to this, aside from these two dimensions of perceived value, the third dimension is prestige. In conclusion, the dimensions

of perceived value including quality of iteraction, value for money, and prestige are adopted in this research.

According to Auka (2016), in some previours studies and researches, perceived value is viewed as a main influencer of customer loyalty in such industries as telephone services, retailing services, and airline travel. In addition, beneficial perceived value will contribute to such positive customer behaviour as loyalty which is going to demonstrate with repeated purchase and recommending.

2.4.3.2 The Relationship between Perceived Value and Customer Loyalty
Based on the literature review, perceive value is considered as an independent variable in the study to confirm the relationship between perceived value and customer loyalty in budget hotel in Beijing, China. In addition, there are some literatures have investigated that perceived value has a significant relationship with customer loyalty both in hotel industry and other industry.

In the research of Zhang (2016), 1479 quetionnaires were distributed in Beijing, Nan Jing, Shanghai, and other cities to collect data from 1145 valid answers of respondents to determine the influence of experience marketing and perceived value. The findings of data analysis indicated that perceived value has a significant and further positive influence on customer loyalty in hotel industry in the context of China.

Pu (2012) has investigated the relations among perceived value, customer satsfaction, and customer loyalty with the sample of budget hotels through interview and questionnaire survey. Correlation analysis and multiple regression analysis showed that the perceived value plays a significant and positive role in gaining customer loyalty in budget hotels in China.

Sha and Zou (2012) has distributed self-administered questionnaires in Xi'an and received

327 valid questionnaires to investigate the effects of perceived value on customer loyalty in budget hotels. The results of regression analysis in SPSS 16 indicated that there exists a significant relationship between perceived value and customer loyalty in budget hotels in Xi'an, China.

In the study of Rasheed and Abadi (2014), a questionnaire research has been adopted to investigate the influence of service quality, trust, and perceived value on customer lotalty. The findings of this study demonstrated that perceived value has a much more significant and stronger influence on customer loyalty than that of trust in service sector in Malaysia. Therefore, the hypothesis is inferred as follows:

H_3: There is a siginificant relationship between perceived value and customer loyalty in budget hotel in Beijing, China.

Research Methodology

3.1 Research Design

A quantitative study is going to conducted to determine the influence of independent variables on dependent variables. Moreover, a descriptive study is undertaken in order to confirm and enable to describe the characteristics of the focused variables in a situation or to describe relevant respects of theses variables from some perspectives such as individual, organisation, industry (Sekaran and Bougie, 2016). In addition, it is also considered as a correlational study so as to make a mere identification of associations among various variables.

A correlational study is undertaken with minimum researcher interference because the researcher only distributing questionnaires to the target respondents in the natural environment of the organisation without interfering with the normal work of flow. In addition, Cooper and Schindler (2013) stated that a corelational study is conducted in

noncontrived settings because there is no interference with normal work of flow.

The study is regarded as a cross-sectional study since data is collected by questionnaires only once in days, weeks or months for the sake of answering research questions (Sekaran and Bougie, 2016).

3.2 Sources of Data
3.2.1 Primary Data

Primary data is used mostly in this research. The primary data is directly collected through face to face survey among respondents based on a questionnaire. There are 208 respondents providing their answers for the questions or statement in the questionnaire in terms of the evaluation of level of agreement towards service quality, switching cost and perceived value when they experienced service of budget hotels in Beijing, China.

3.2.2 Secondary Data

In this research, secondary data is also attained from several resources such as data base of Inti International University and internet. Some statistical data is obtained from official websites such as China Daily and the Qunar. The concept of factors and some academic information about the topic of this research is obtained from journals in internet such as Google scholarly articles ResearchGate, and Science Direct.

3.3 Data Collection
3.3.1 Questionnaire Development

Questionnaire is a wide range number of questions prepared by the researcher before to distribute to respondents in order to record the answers and considered as an efficient mechanism for data collection (Bryman and Bell, 2015). In order to achieve the research objectives, a questionnaire is used in this research.

Wong, Ong, and Kuek (2012) have suggested two methods to design questions which are

adapting questions from other existing questionnaires and adopting questions from other existing questionnaires. In this research, the method of adopting questions from previous researches is used to design the questionnaire and make the questions suitable for this research. The questonnire should be designed in both Mandarin and English version since the study is going to be conducted in Beijng, China. In addition, the structure and items of the questionnaire are shown in Table 5.

The statements of service quality with five dimensions (tangibility, reliability, responsiveness, assurance and empathy) are based on the 22 items of service quality, the statements of switching cost are based on customers' personal cost and cost associated with the service, and the statements are based on three dimensions of quality of interaction, value for money and prestige.

Table 17: Structure of Questionnaire

	Items	No.	Sources/References
Part I	Demographic Profile	3	Sahoo and Mishra (2013) Adzoyi and Klutse (2015) Msallam and Alhaddad (2016)
Part II (Dependent Variable)	Customer Loyalty	6	Durmus, Ulusu, and Erdem (2013) Adzoyi and Klutse (2015) Hasan, Kiong, and Ainuddin (2014) Khan and Rizwan (2014) Upamannyu and Mathur (2012)
Part III	Service Quality (including 5 dimensions)	22	Hisam, Sanyal, and Ahmad (2016) Yarimoglu (2014)

	Switching Cost	5	Kim, Wong, Chang et. al. (2016)
			Lam, Shankar, and Murthy (2016)
			Khan and Rizwan (2014)
	Perceived Value	6	Hasan, Kiong, and Ainuddinet (2014)
			Šapić, Topalović, and Marinković (2014)

The questionnaire comprises with the statements related to all the factors and it is divided into three sections.

Section A: In this section personal information related to customer loyalty of budget hotel is provided. The section includes personal demographic profile such as gender, age and monthly income.

Section B: This section is about the statements on the evaluation of agreement level of customer loyalty. In this section, statement 1 to statement 3 measure the economic loyalty behaviour of budget hotel customers. Statement 4 to statement 6 measure the social loyalty behaviour of budget hotel customers.

Section C: This section consists statements related to factors influencing customer loyalty. And this section is divided into three sub-sections. Statements on respondents' evaluation of service quality for budget hotel they have stayed are provided in sub-section 1. In this sub-section, statement 1 to statement 4 measure the tangibility dimension of service quality for budget hotels. Statement 5 to statement 9 measure the reliability dimension of service quality for budget hotels. Statement 10 to statement 13 measure the responsiveness of service quality for budget hotels. Statement 14 to statement 17 measure the assurance dimension of service quality for budget hotels. Statement 18 to statement 22 measure the empathy dimension of service quality for budget hotels. Statements in sub-section 2 are designed to measure the

switching costs including monetary cost and on-monetary cost. In the end, sub-section 3 comprises with statements measuring perceived value including quality of interaction, value for money and prestige (Šapić et. al., 2014).

As to statements related to service quality, switching cost, perceived value and customer loyalty, respondents are required to measure the agreement level of each variable with rating a five Likert scale such as "Strongly Disagree", "Disagree", "Neutral", "Agree" and "Strongly Agree". This means "1 = Strongly Disagree (SD)", "2 = Disagree (D)", "3 = Neutral (N)", "4 = Agree (A)" and "5 = Strongly Agree (SA)".

3.3.2 Sampling Frame and Techniques

The population in this research is customers of budget hotels in Beijing, China. Sampling is conducted from customers who stay in budget hotels in Beijing. There are 1240 budget hotels in 16 districts (refers to Appendix VII) in Beijing, China (Qunar.com, 2018). In addition, there are 6 brand of budget hotels including Hanting Hotel, Home Inns, 7 Days, Super 8, Green Tree Inn, and Hi Inn who have hotels more than 50 of which there are more than 100 budget hotels owned by Hanting Hotel, Home Inns, 7 Days, and Super 8 in Beijng, China. Table 6 shows the budget hotels which are more than 50 hotels in Beijng.

Table 18: Number of Budget Hotels in Beijing

Budget Hotel	Number
Hanting Hotel	161
Home Inns	145
7 Days	148
Super 8	137
Green Tree Inn	65
Hi Inn	57

Source: Qunar.com (2018)

Table 7 dispalys the detailed distribution of these six brands of budget hotels in sixteen districts in Beijing. In this table, there are four brands of bugdget hotels who owns hotels more than 100 are mainly ditributed in 5 districts which are Dong Cheng, Xi Cheng, Chao Yang, Feng Tai, and Hai Dian. Therefore, questionnaires are distributed in Hanting Hotel, Home Inns, 7 Days, and Super 8 in districts of Dong Cheng, Xi Cheng, Chao Yang, Feng Tai, and Hai Dian in Beijing, China. Furthemore, the questionnaires are distributed through two channels including asking friends who live in Beijng for help, and going to Beijing myself to distribute the questionnaires since the data can be collected faster compared with using only one method to distribute questionnaires. Boxes with orange colour in Table 7 shows the budget hotels and disticts which are selected in Beijing.

Table 19: Questionnaire Distribution of Budget Hotels in Beijing

District	Budget Hotel						Total
	Hanting Hotel	Home Inns	7 Days	Super 8	Green Tree Inn	Hi Inn	
Dong Cheng	13	12	6	15	2	9	57
Xi Cheng	16	18	19	12	2	9	76
Chao Yang	43	36	31	23	9	11	153
Feng Tai	23	21	27	26	9	14	120
Shi Jingshan	3	2	2	5	0	2	14
Hai Dian	26	25	24	13	6	7	101
Men Tougou	1	1	0	1	1	0	4
Fang Shan	2	2	3	3	5	0	15
Tong Zhou	4	4	8	12	6	1	35
Shun Yi	5	4	6	6	7	1	29
Chan	13	7	8	9	6	2	45

g Ping							
Da Xing	9	8	9	7	7	1	41
Huan Rou	0	1	1	2	1	0	5
Ping Gu	2	1	1	1	0	0	5
Mi Yun	0	2	1	1	2	0	6
Yan Qing	1	1	2	1	2	0	7
Total	161	145	148	137	65	57	**713**

Source: Qunar.com (2018)

In this research, simple random sampling is used. In accordance with Krejcie and Morgan (1970), the confidence level is 95 percent and the confidence interval is 5. And according to the online calculator which is used to determine sample size, the largest sample size is 384. Therefore, 384 respondents is enough to obtain statistic significance. Nevertheless, the sample size is this research is set as 200 since Poku et. al. (2013) used 97 surveys to investagate the factors that can influence customer loyalty in hotel industry and obtain statistic significance. In addition, acccording to another research of Msallam and Alhaddad (2016), 117 data were collected to study on customer loyalty in hotel industry and the statistic significance is also abtained in this study.

Respondents are interviewed through survey questionniare to collect information of personal demographic profile, evaluation for agreement level related to customer loyalty, switching cost, perceeived value and service quality within five dimensions.

3.4 Pilot Test

Pilot test is carried out in this research to make sure that the respondent can understand the questionnaire easily and understand the questionnaire in the same way. In addition, it is

conducted to check whether the items in questionnaire are proper for this study. A sample size of 30 is used to carry out the pilot test.

3.5 Data Analysis Methodology
3.5.1 Descriptive Analysis

In this quantitative research, descriptive analysis is carried out to summarise the basic information of respondents collected through survey questionnaire. In addition, a frequency analysis is used in this research to summarise the percentage of each demographic characteristics of gender, age and monthly income using IBM SPSS 22.0. descriptive analysis shows the results of percentage of female and male, the percentage of each interval section in terms of age and monthly income.

3.5.2 Reliability Test

Reliability test is carried out in this research to check the consistency of items of questionnaire (Sekaran and Bougie, 2016). In addition, the reliability test is also used to determine how accurate and precise the measurement made on a certain variable (Huang, 2016). In this part, reliability test is carried out based on the whole sample size of 200 respondents.

Cronbach's Alpha is the most popular method to test consistency of items which are the questions (Sulibhavi and Ashankar, 2017). The value of Cronbach's Alpha always ranges from 0 to 1 and the higher values of Cronbach's Alpha, the more it can depict the overall internal consistency of items. In addition, the value of 0.7 of Cronbach's Alpha can be deemed acceptable. As a result, a value of Cronbach's Alpha of 0.7 or above shows that the questionnaire is reliable and can be used for further analysis.

3.5.3 Factor Analysis

This study is to use factor analysis to determine whether factors used in the study are related to the study and items could be measured what the study wants to measure. Moreover, factor

analysis is used to reduce unobservable variables from a large number of measurable and observable variables (Yong and Pearce, 2013). In other words, factor analysis is carried out to reveal latent structure of a series of variables. Factor analysis reduce the large number of variables with similar characteristics.

In this study, factor analysis is conducted to reduce 36 items to a small set of items and thus the latent factors are extracted to determine the customer loyalty towards budget hotels in Beijing, China.

As to factor analysis, there includes four basic steps. The first step is to get the correlation matrix of all variables. In this step, variables which is not related to other variables are identified from the matrix and associated statistics. The second step is to extract a set of initial factors from the correlation matrix with a few matrixes which are used to extract factors such as maximum likelihood, principal component and principal axis extraction. This research uses principal component analysis to extract factors and produces a component for each variable. Although this analysis will produce as many factors as variables, some variables whose value is less than 0.6 will be removed. As a result, in correlation matrix, a set of factors will be formed as a linear combination of the variables in correlation matrix. The third step is to rotate factors in order to maximize the relationship between the variables and factors. It is easier to find out the factors through rotating factors. The fourth step of factor analysis is to computer the scores of each variable to be used in following analysis.

KMO (Kaiser-Meever-Olkin) is considered as a measure of testing sampling adequacy and Bartlett test of sphericity test is used to test the suitability of data for conducting factor analysis (Durmus, Ulusu, and Erdem, 2013; Rahman and Jalil, 2014). According to Khizindar et. al. (2015), KMO value, ranging from 0 to 1, ought to be 0.6 or above since it indicates that the items are designed reasonably and effectively and better to explain the

results if KMO value is 0.6 or higher.

As stated by Cooper and Schindler (2014), factor loadings are correlation coefficients between the factor and variables. Zikmund et. al. (2012) has stated that a factor loading illustrates the strength of correlation between decriptive variables and the factor. According to Rahman and Kamarulzaman (2012), factor loadings can be used to test the convergent validity and items are selected based on the values of factor loadings. As stated by Subramanian et. al. (2016), the values of factor loadings should be 0.6 or above. Based on the factor loadings values, few items whose values are less than 0.6 might be removed to reduce the number of items in order to optimise the study (Ashraf, 2014; Moisescu and Gică, 2017).

According to Irfan et. al. (2016), an eigenvalue refers to the percentage of total variance explained by factors. In addition, the criterion of eigenvalue is that eigenvalues should be higher than one (Madariaga and Rivera, 2017). For instance, in the study of Durmus et. al. (2013), there is a factor with an eigenvalue of 4.55 which can explain 45.5% of variance. Furthermore, a factor with a low eigenvalue will contribute little to the explanation of variances.

3.5.4 Multiple Regression Analysis

Multiple Regression Analysis, a descriptive tool, is an extension of Simple Regression Analysis allowing a dependent variable to be explained by multiple independent variables (Cooper and Schindler, 2014; Zikmund et. al., 2012). Multiple Regression Analysis is usually undertaken to examine research questions and research hypotheses. Moreover, Multiple Regression Analysis can find out the best independent variable of dependent variable. Therefore, in this study, Multiple Regression Analysis is considered to be undertaken in order to check the contributing independent variables (switching cost, perceived value and service

quality within five dimensions) of customer loyalty in budget hotel in Beijing, China.

In this research, the formula is formed as follows:

$$Y = \beta_0 + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \beta_4 * X_4 + \beta_5 * X_5 + \beta_6 * X_6 + \beta_7 * X_7$$

Dependent Variable (Y): Customer loyalty

Independent Variables (X_1 to X_7): Tangibility (X_1), Reliability (X_2), Responsiveness (X_3), Assurance (X_4), Empathy (X_5), Switching Cost (X_6), Perceived Value (X_7)

Table 8 shows the important indicators of multiple regression analysis including R, R Square, Adjusted R Square and Beta Coefficient, Durbin Watson, Tolerance and VIF.

Table 20: Important Indicators of Multiple Regression Analysis

R	The coefficient of correlation which is R measures the strength of relationship between IV and DV and the higher the R, the stronger the relationship (Levine, Stephan, and Krehbiel et. al., 2017).
R Square	The coefficient of determination which is R^2 evaluates the percentage of variation in DV which can be explained by IVs and the higher the R^2 the stronger predictive of IVs (Keller, 2012).
Beta Coefficient	Beta refers to the amount of contribution of IVs to DV (Levine et. al., 2017).
Adjusted R^2	The coefficient of determination adjusted for degrees of freedom which is adjusted R Square has been adjusted with taking the sample size and the number of IVs (Keller, 2012).
Durbin Watson	Durbin Watson indicates the relationship in the sample. A

	Durbin Watson between 0 and 2 indicates there is a positive autocorrelation in the sampling.
Tolerance and VIF	Tolerance and VIF is to check whether the factors are independent.

Appendix III Gant Chart of Timeline

Milestone	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14
Research Title Confirmation	██	██												
Initial Research Proposal		██												
Draft Chapter I			██	██										
Draft Chapter II				██	██									
Draft Chapter III						██	██							
Conduct Pilot Study								██						
Questionnaire Distribution									██	██				
Compiling Data											██			
Data Analysis											██	██		
Draft Chapter IV												██	██	
Draft Chapter V													██	
Final Draft													██	██
Final Submission														██

Appendix IV Record of Meeting

Meeting #4

Date of Meeting	14/6
Progress Made	u/proving thing
Agreed Action	Amd .
Student Signature	QIU YUETING
Supervisor's Signature	AM

Meeting #5

Date of Meeting	28/6
Progress Made	PPT — PD
Agreed Action	minor C
Student Signature	QIU YUETING
Supervisor's Signature	AM

Meeting #6

Date of Meeting	29/6
Progress Made	PPT
Agreed Action	correction .
Student Signature	QIU YUETING
Supervisor's Signature	AM

Meeting #7

Date of Meeting	12/7
Progress Made	Questionnaire
Agreed Action	Amend
Student Signature	QIU YUETING
Supervisor's Signature	

Meeting #8

Date of Meeting	19/7
Progress Made	Questionnaire
Agreed Action	Distribute
Student Signature	QIU YUETING
Supervisor's Signature	

Meeting #9

Date of Meeting	26/7
Progress Made	PPT slides
Agreed Action	minor changes
Student Signature	QIU YUETING
Supervisor's Signature	

10
31/7
Final ppt
QIU QIU YUETING

Appendix V Questionnaire (English Version)

Dear Participants:

This study is a requirement for the partial fulfilment of Master of Business Management program (MBA) at the INTI International University only for the academic research. The purpose of this study is to study **the factors that can influence customer loyalty in budget hotel in Beijing, China.**

This questionnaire is divided into 3 short sections that should take only a few moments of your time to complete. The researchers sincerely hope that you would make this study a success by answering all questions frankly, honestly and thoroughly.

Your privacy would be retained and no information obtained from this study shall be disclosed in any manner that would identify you. All information obtained would be kept strictly confidential. The data obtained will be analysed as a group for statistical purposes.

Specific instruction is given at the beginning of each section of the questionnaire. Kindly complete the questionnaire by answering all questions in each section. I wish to thank you in advance for your cooperation and participation in this study.

Thank you very much for your cooperation.

Section A: Demographic Information (Please stick in the boxes)

Gender: Male ☐ Female ☐

Age: Below 18 ☐ 18-25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ Above 55 ☐

Monthly Income (RM): Below 1,500 ☐ 1,501-2,500 ☐ 2,501-3,500 ☐   3,501-4,500 ☐ Above 4,500 ☐

Section B: Please rate your overall evaluation of the statements of customer loyalty (Please circle the appropriate number)

(Strongly Disagree :1; Disagree:2; Neutral :3; Agree:4; Strongly Agree:5)

STATEMENT		Evaluation				
CL1	I consider this hotel to be my first lodging choice.	1	2	3	4	5
CL2	I will continue to stay in this hotel when I am in Beijing.	1	2	3	4	5
CL3	I do not like to change to another hotel I value the selected hotel.	1	2	3	4	5
CL4	I recommend this hotel to those who ask my advice.	1	2	3	4	5
CL5	I say positive things about this hotel to other persons.	1	2	3	4	5
CL6	I will encourage my friends and relatives to choose this hotel.	1	2	3	4	5

Section C1: Please rate your overall evaluation of the statements of service quality (Please circle the appropriate number)

(Strongly Disagree :1; Disagree:2; Neutral :3; Agree:4; Strongly Agree:5)

STATEMENT		Evaluation				
Tangibility						
SQ1	The hotel has modern looking equipment.	1	2	3	4	5
SQ2	The hotel's features are visually appealing.	1	2	3	4	5
SQ3	The hotel's reception desk employees are neat appearing.	1	2	3	4	5
SQ4	Materials associated with the service (such as announcements) are visually appealing in the hotel.	1	2	3	4	5
Reliability						
SQ5	When the hotel promises to do something by a certain time, they do.	1	2	3	4	5
SQ6	When I have a problem, the hotel shows a sincere interest in solving it.	1	2	3	4	5

SQ7	The hotel executes the transaction right the first time.	1	2	3	4	5
SQ8	The hotel provides its service at the time it promises to do so.	1	2	3	4	5
SQ9	The hotel insists on error free transactions.	1	2	3	4	5
Responsiveness						
SQ10	Employees in the hotel tell me exactly when the transactions will be performed.	1	2	3	4	5
SQ11	Employees in the hotel give me prompt service.	1	2	3	4	5
SQ12	Employees in the hotel are always willing to help me.	1	2	3	4	5
SQ13	Employees in the hotel are never too busy to respond to my request.	1	2	3	4	5
Assurance						
SQ14	The behaviour of the employees in the hotel instils confidence in me.	1	2	3	4	5
SQ15	I feel safe when I stay in this hotel.	1	2	3	4	5
SQ16	Employees in the hotel are consistently courteous with me.	1	2	3	4	5
SQ17	Employees in the hotel have the knowledge to answer my questions.	1	2	3	4	5
Empathy						
SQ18	The hotel gives me individual attention.	1	2	3	4	5
SQ19	The hotel has operating hours convenient to all its customers.	1	2	3	4	5
SQ20	The hotel has employees give me personal service.	1	2	3	4	5
SQ21	The hotel has my best interest at heart.	1	2	3	4	5
SQ22	The employees of the hotel understand my specific needs.	1	2	3	4	5

Section C2: Please rate your overall evaluation of the statements of switching cost (Please circle the appropriate number)

(Strongly Disagree :1; Disagree:2; Neutral :3; Agree:4; Strongly Agree:5)

STATEMENT		Evaluation				
SC1	Switching to a new hotel causes monetary cost.	1	2	3	4	5
SC2	Overall, it would cost me a lot of time to find an alternative hotel.	1	2	3	4	5

SC3	Overall, it would cost me a lot of efforts to find an alternative hotel.	1	2	3	4	5
SC4	I cannot be sure that new hotel can provide better service than the old one.	1	2	3	4	5
SC5	If I switch to a new hotel, the service offered by the new hotel might not work as well as expected.	1	2	3	4	5

Section C3: Please rate your overall evaluation of the statements of perceived value (Please circle the appropriate number)

(Strongly Disagree :1; Disagree:2; Neutral :3; Agree:4; Strongly Agree:5)

STATEMENT		Evaluation				
PV1	Using the service of the given hotel is considered prestigious.	1	2	3	4	5
PV2	Using the services of the hotel is in accordance with my social status.	1	2	3	4	5
PV3	Booking system of the hotel is suitable for me.	1	2	3	4	5
PV4	The staff recognises and understands the needs of their customers.	1	2	3	4	5
PV5	Every promise given to customers is verified in a stated period.	1	2	3	4	5
PV6	The staff is willing to help their customers in evert moment.	1	2	3	4	5

Thank you for your cooperation.

Appendix VI Questionnaire (Chinese Version)

尊敬的参与者：

本研究仅是英迪国际大学(INTI International University)的学术研究部分完成工商管理硕士(MBA)课程的要求。本研究的目的是研究影响北京经济型酒店顾客忠诚度的因素。

这份问卷分为三个小的部分，你只需要花一点时间就可以完成。研究人员真诚地希望您能坦率、诚实和彻底地回答所有问题，使这项研究取得成功

您的隐私将被保密，从本次研究中获得的任何信息都不应以任何方式公开，以防他人查出您的身份。所有获得的信息都将严格保密。为统计目的，所得数据将作为一组数据进行分析。

在问卷的每个部分的开头都给出了具体的说明。请通过回答每个部分的所有问题来填写问卷。我在此提前感谢您的合作和参与。

十分感谢您的配合与合作。

第一部分：人文信息（请在方框内打勾）					
性别： 　男 □ 　　　　 女 □					
年龄： 18 岁以下 □ 18-25 □ 26-35 □ 36-45 □ 46-55 □ 55 岁以上 □					
月收入（元）： 3,000 以下 □ 3,001-4,500 □ 4,501-6,000 □ 6,001-7,500 □ 7,500 以上 □					

第二部分：请对以下问题作出评价（请圈出合适的数字）
（强烈不同意：1；不同意：2；中立：3；同意：4；强烈同意：5）

项目		评价				
1	这家酒店会是我的第一选择。	1	2	3	4	5
2	我会继续选择居住在这家酒店，当我来北京时。	1	2	3	4	5
3	我不想换另一家酒店。	1	2	3	4	5
4	如果有人问我的建议，我会推荐这家酒店。	1	2	3	4	5
5	我会对其他人说这家酒店的好话。	1	2	3	4	5
6	我会鼓励我的亲戚朋友选择这家酒店。	1	2	3	4	5

第三部分（A）：请对以下问题作出评价（请圈出合适的数字）
（强烈不同意：1；不同意：2；中立：3；同意：4；强烈同意：5）

项目		评价				
有形性						
1	这家酒店拥有具有现代外观的设备。	1	2	3	4	5
2	酒店的特色在视觉上很吸引人。	1	2	3	4	5
3	酒店前台员工的衣着整洁。	1	2	3	4	5
4	与服务有关的材料（如公告）在酒店具有视觉吸引力。	1	2	3	4	5
可靠性						
5	当酒店承诺在某个时间做某事时，他们会这样做。	1	2	3	4	5
6	当我遇到问题时，酒店真诚地表示有兴趣解决它。	1	2	3	4	5
7	酒店第一次执行交易就是对的（比如不会分错房之类的）。	1	2	3	4	5
8	酒店在承诺的时间内提供服务。	1	2	3	4	5
9	酒店坚持无差错交易和服务。	1	2	3	4	5
响应速度						

10	酒店的员工准确地告诉我订单开始的时间。	1	2	3	4	5
11	酒店的员工给我提供快速服务。	1	2	3	4	5
12	酒店的员工总是愿意帮助我。	1	2	3	4	5
13	酒店的员工永远不会太忙尔无法回应我的要求	1	2	3	4	5
	信任					
14	酒店员工的行为让我充满信心。	1	2	3	4	5
15	我住在酒店内感到很安全。	1	2	3	4	5
16	酒店的员工一直对我很有礼貌。	1	2	3	4	5
17	酒店的员工拥有足够的支持来解答我的问题。	1	2	3	4	5
	移情					
18	酒店给我个人关注。	1	2	3	4	5
19	酒店的营业时间方便所有客户。	1	2	3	4	5
20	酒店有员工为我提供个性化服务。	1	2	3	4	5
21	酒店最关心我的利益。	1	2	3	4	5
22	酒店的员工了解我的具体需求。	1	2	3	4	5
第三部分（B）：请对以下问题作出评价（请圈出合适的数字）						
（强烈不同意：1；不同意：2；中立：3；同意：4；强烈同意：5）						

项目		评价				
1	换一家新酒店会产生货币成本。	1	2	3	4	5
2	总的来说，找到另一家酒店需要花很多时间。	1	2	3	4	5
3	总的来说，找到另一家酒店需要付出很多努力。	1	2	3	4	5
4	我不能确定新的酒店能提供比旧酒店更好的服务。	1	2	3	4	5
5	如果我换一家新酒店，新酒店提供的服务可能无法正常运作。	1	2	3	4	5
第三部分（C）：请对以下问题作出评价（请圈出合适的数字）						
（强烈不同意：1；不同意：2；中立：3；同意：4；强烈同意：5）						

项目		评价				
1	使用此酒店的服务被认为是有声望的。	1	2	3	4	5
2	使用此酒店的服务符合我的社会地位。	1	2	3	4	5
3	酒店的预定系统适合我。	1	2	3	4	5

4	员工了解客户的需求。	1	2	3	4	5
5	给予客户的每一个承诺都在规定期限内实现了。	1	2	3	4	5
6	员工愿意在每一时刻帮助他们的客户。	1	2	3	4	5

感谢您的合作！

Appendix VII Map of Beijing

Appendix VIII Respondents' Answer towards Factors

	Statement	Percentage					Mean
		1	**2**	**3**	**4**	**5**	
	Tangibility						
1	The hotel has modern looking equipment.	3.0	12.0	19.0	41.0	25.0	3.73
2	The hotel's features are visually appealing.	1.0	11.0	26.0	32.0	30.0	3.79
3	The hotel's reception desk employees are neat appearing.	2.0	3.0	31.0	41.0	23.0	3.80
4	Materials associated with the service (such as announcements) are visually appealing in the hotel.	2.0	10.0	30.0	33.0	25.0	3.69
	Reliability						
5	When the hotel promises to do something by a certain time, they do.	3.0	10.0	23.0	39.0	25.0	3.73
6	When I have a problem, the hotel shows a sincere interest in solving it.	1.0	7.0	23.0	37.0	32.0	3.92
7	The hotel executes the transaction right the first time.	3.0	6.0	18.0	49.0	24.0	3.85
8	The hotel provides its service at the time it promises to do so.	5.0	6.0	20.0	46.0	23.0	3.76
9	The hotel insists on error free transactions.	2.0	6.0	20.0	44.0	28.0	3.90
	Responsiveness3.88						
10	Employees in the hotel tell me exactly when the transactions will be performed.	2.0	5.0	19.0	51.0	23.0	3.88
11	Employees in the hotel give me prompt service.	3.0	6.0	27.0	33.0	1.0	3.83
12	Employees in the hotel are always willing to help me.	2.0	8.0	20.0	40.0	30.0	3.88
13	Employees in the hotel are never too busy to respond to my request.	2.0	8.0	24.0	46.0	20.0	3.74
	Assurance						
14	The behaviour of the employees in the hotel instils confidence in me.	2.0	2.0	30.0	43.0	23.0	3.83
15	I feel safe in my transaction with the hotel.	1.0	4.0	24.0	41.0	30.0	3.95
16	Employees in the hotel are consistently courteous with me.	2.0	4.0	18.0	49.0	27.0	3.95
17	Employees in the hotel have the knowledge to answer my questions.	4.0	9.0	17.0	52.0	18.0	3.71
	Empathy						
18	The hotel gives me individual attention.	2.0	9.0	25.0	41.0	23.0	3.74
19	The hotel has operating hours convenient to all its customers.	3.0	6.0	25.0	43.0	23.0	3.77

20	The hotel has employees give me personal service.	0.0	7.0	37.0	35.0	21.0	3.70
21	The hotel has my best interest at heart.	4.0	5.0	32.0	38.0	21.0	3.67
22	The employees of the hotel understand my specific needs.	2.0	7.0	30.0	34.0	27.0	3.77
	Switching Cost						
23	Switching to a new hotel causes monetary cost.	4.0	4.0	26.0	49.0	17.0	3.71
24	Overall, it would cost me a lot of time to find an alternative hotel.	1.0	8.0	26.0	35.0	30.0	3.85
25	Overall, it would cost me a lot of efforts to find an alternative hotel.	3.0	5.0	23.0	46.0	23.0	3.81
26	I cannot be sure that new hotel can provide better service than the old one.	3.0	11.0	23.0	38.0	25.0	3.71
27	If I switch to a new hotel, the service offered by the new hotel might not work as well as expected.	1.0	3.0	25.0	44.0	27.0	3.93
	Perceived Value						
28	Using the service of the given hotel is considered prestigious.	3.0	3.0	25.0	49.0	20.0	3.80
29	Using the services of the hotel is in accordance with my social status.	0.0	8.0	27.0	38.0	27.0	3.84
30	Booking system of the hotel is suitable for me.	5.0	2.0	24.0	46.0	23.0	3.80
31	The staff recognises and understands the needs of their customers.	2.0	8.0	23.0	42.0	25.0	3.80
32	Every promise given to customers is verified in a stated period.	0.0	7.0	23.0	49.0	21.0	3.84
33	The staff is willing to help their customers in evert moment.	2.0	6.0	19.0	46.0	27.0	3.90

Appendix IX Results of SPSS

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	98	49.0	49.0	49.0
	Female	102	51.0	51.0	100.0
	Total	200	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 18	13	6.5	6.5	6.5
	18-25	24	12.0	12.0	18.5
	26-35	53	26.5	26.5	45.0
	36-45	54	27.0	27.0	72.0
	46-55	39	19.5	19.5	91.5
	Above 55	17	8.5	8.5	100.0
	Total	200	100.0	100.0	

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 3000	19	9.5	9.5	9.5
	3001-4500	83	41.5	41.5	51.0
	4501-6000	58	29.0	29.0	80.0
	6001-7500	17	8.5	8.5	88.5
	Above 7500	23	11.5	11.5	100.0
	Total	200	100.0	100.0	

Reliability Statistics

Cronbach's Alpha	N of Items
.916	39

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	8355.171
	df	741
	Sig.	.000

Communalities

	Initial	Extraction
CL1	1.000	.785
CL2	1.000	.769
CL3	1.000	.754
CL4	1.000	.843
CL5	1.000	.789
CL6	1.000	.762
SQ1	1.000	.834
SQ2	1.000	.805
SQ3	1.000	.738
SQ4	1.000	.810
SQ5	1.000	.799
SQ6	1.000	.797
SQ7	1.000	.852
SQ8	1.000	.795
SQ9	1.000	.635
SQ10	1.000	.765
SQ11	1.000	.773
SQ12	1.000	.774
SQ13	1.000	.845
SQ14	1.000	.830
SQ15	1.000	.645
SQ16	1.000	.840
SQ17	1.000	.855
SQ18	1.000	.856
SQ19	1.000	.757
SQ20	1.000	.819

SQ21	1.000	.721
SQ22	1.000	.780
SC1	1.000	.736
SC2	1.000	.837
SC3	1.000	.844
SC4	1.000	.691
SC5	1.000	.665
PV1	1.000	.711
PV2	1.000	.822
PV3	1.000	.855
PV4	1.000	.779
PV5	1.000	.825
PV6	1.000	.791

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.939	40.868	40.868	15.939	40.868	40.868	4.564	11.703	11.703
2	3.073	7.880	48.748	3.073	7.880	48.748	4.405	11.296	22.999
3	2.875	7.372	56.121	2.875	7.372	56.121	4.190	10.743	33.742
4	2.278	5.841	61.962	2.278	5.841	61.962	3.974	10.189	43.931
5	2.200	5.642	67.604	2.200	5.642	67.604	3.639	9.330	53.261
6	1.581	4.054	71.658	1.581	4.054	71.658	3.359	8.613	61.874
7	1.357	3.479	75.137	1.357	3.479	75.137	3.236	8.296	70.171
8	1.281	3.285	78.422	1.281	3.285	78.422	3.218	8.251	78.422
9	.934	2.394	80.816						
10	.686	1.758	82.573						
11	.641	1.644	84.217						
12	.571	1.464	85.681						
13	.560	1.435	87.116						
14	.471	1.209	88.325						
15	.453	1.162	89.487						
16	.410	1.052	90.539						
17	.398	1.021	91.559						
18	.337	.865	92.425						
19	.335	.858	93.283						
20	.287	.735	94.018						
21	.255	.654	94.672						
22	.236	.604	95.276						
23	.210	.538	95.815						

24	.204	.523	96.337
25	.187	.480	96.817
26	.162	.414	97.231
27	.156	.400	97.631
28	.140	.359	97.990
29	.136	.348	98.338
30	.120	.308	98.646
31	.107	.274	98.920
32	.083	.213	99.133
33	.073	.188	99.321
34	.065	.167	99.488
35	.058	.149	99.637
36	.051	.130	99.767
37	.038	.097	99.863
38	.032	.083	99.946
39	.021	.054	100.000

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component							
	1	2	3	4	5	6	7	8
CL1	.784							
CL2	.695							
CL3	.800							
CL4	.698							
CL5	.757							
CL6	.772							
SQ1						.827		
SQ2						.804		
SQ3						.770		
SQ4						.765		
SQ5				.763				
SQ6				.782				
SQ7				.849				
SQ8				.790				
SQ9								
SQ10								.733
SQ11								.759
SQ12								.752
SQ13								.780
SQ14							.796	
SQ15							.676	
SQ16							.847	
SQ17							.852	
SQ18			.857					
SQ19			.804					
SQ20			.763					
SQ21			.773					
SQ22			.781					
SC1					.783			
SC2					.847			
SC3					.810			
SC4								
SC5					.683			
PV1								
PV2		.739						
PV3		.817						
PV4		.730						
PV5		.787						

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PV6	.786	

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a. Rotation converged in 8 iterations.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.821
Bartlett's Test of Sphericity	Approx. Chi-Square	7435.853
	df	630
	Sig.	.000

Communalities

	Initial	Extraction
CL1	1.000	.770
CL2	1.000	.771
CL3	1.000	.752
CL4	1.000	.831
CL5	1.000	.802
CL6	1.000	.782
SQ1	1.000	.825
SQ2	1.000	.793
SQ3	1.000	.777
SQ4	1.000	.821
SQ5	1.000	.797
SQ6	1.000	.792
SQ7	1.000	.851
SQ8	1.000	.826
SQ10	1.000	.781
SQ11	1.000	.780
SQ12	1.000	.775
SQ13	1.000	.848
SQ14	1.000	.842
SQ15	1.000	.668
SQ16	1.000	.845
SQ17	1.000	.850
SQ18	1.000	.859
SQ19	1.000	.766

SQ20	1.000	.817
SQ21	1.000	.727
SQ22	1.000	.777
SC1	1.000	.756
SC2	1.000	.850
SC3	1.000	.809
SC5	1.000	.688
PV2	1.000	.817
PV3	1.000	.850
PV4	1.000	.783
PV5	1.000	.827
PV6	1.000	.802

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.548	40.410	40.410	14.548	40.410	40.410	4.419	12.274	12.274
2	2.943	8.176	48.586	2.943	8.176	48.586	4.128	11.466	23.740
3	2.771	7.697	56.283	2.771	7.697	56.283	3.911	10.863	34.603
4	2.260	6.279	62.562	2.260	6.279	62.562	3.426	9.516	44.119
5	2.135	5.930	68.492	2.135	5.930	68.492	3.296	9.154	53.273
6	1.492	4.144	72.636	1.492	4.144	72.636	3.217	8.935	62.208
7	1.331	3.696	76.332	1.331	3.696	76.332	3.208	8.912	71.121
8	1.225	3.404	79.736	1.225	3.404	79.736	3.101	8.615	79.736
9	.813	2.258	81.993						
10	.640	1.777	83.770						
11	.585	1.626	85.396						
12	.515	1.430	86.826						
13	.461	1.280	88.106						
14	.412	1.145	89.250						
15	.405	1.125	90.376						
16	.378	1.049	91.425						
17	.365	1.014	92.438						
18	.328	.912	93.351						
19	.290	.805	94.156						
20	.234	.650	94.806						
21	.220	.610	95.416						
22	.211	.586	96.002						
23	.186	.516	96.518						

24	.174	.483	97.001
25	.161	.447	97.447
26	.154	.428	97.875
27	.148	.410	98.285
28	.118	.327	98.612
29	.095	.263	98.875
30	.087	.241	99.116
31	.078	.218	99.334
32	.062	.172	99.506
33	.056	.155	99.660
34	.050	.139	99.800
35	.045	.125	99.925
36	.027	.075	100.000

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component							
	1	2	3	4	5	6	7	8
CL1	.769							
CL2	.710							
CL3	.802							
CL4	.688							
CL5	.777							
CL6	.797							
SQ1					.820			
SQ2					.794			
SQ3					.808			
SQ4					.779			
SQ5				.756				
SQ6				.773				
SQ7				.842				
SQ8				.808				
SQ10								.749
SQ11								.766
SQ12								.758
SQ13								.788
SQ14							.801	
SQ15							.705	
SQ16							.854	
SQ17							.842	
SQ18		.858						
SQ19		.810						
SQ20		.759						
SQ21		.778						
SQ22		.776						
SC1						.795		
SC2						.852		
SC3						.781		
SC5						.704		
PV2			.737					
PV3			.814					
PV4			.738					
PV5			.782					
PV6			.788					

Undefined error #11401 - Cannot open text file "D:\SPSS\spss22\lang\en\spss.err": No such file or di

  Undefined error #11408 - Cannot open text file "D:\SPSS\spss22\lang\en\spss.err": No such file or di

a. Rotation converged in 7 iterations.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714[a]	.510	.492	.60776

a. Predictors: (Constant), PV, Empathy, Tangibility, Assurance, SC, Reliability, Responsiveness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.677	7	10.525	28.495	.000[b]
	Residual	70.920	192	.369		
	Total	144.597	199			

a. Dependent Variable: CL

b. Predictors: (Constant), PV, Empathy, Tangibility, Assurance, SC, Reliability, Responsiveness

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.436	.276		1.578	.116
	Tangibility	.303	.059	.316	5.160	.000
	Reliability	.151	.064	.158	2.362	.019
	Responsiveness	.187	.068	.187	2.767	.006
	Assurance	-.169	.067	-.160	-2.528	.012
	Empathy	.188	.066	.186	2.850	.005
	SC	.017	.069	.016	.240	.811
	PV	.208	.074	.202	2.818	.005

a. Dependent Variable: CL

Appendix X Plagiarism Report

Final Project Similarity Report

ORIGINALITY REPORT

9%	5%	5%	6%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	**iosrjournals.org** Internet Source	1%
2	**Submitted to University of Wales Institute, Cardiff** Student Paper	<1%
3	**Submitted to University of Greenwich** Student Paper	<1%
4	**Submitted to Universiti Tunku Abdul Rahman** Student Paper	<1%
5	**eprints.utar.edu.my** Internet Source	<1%
6	**Noa Willys. "Customer Satisfaction, Switching Costs and Customer Loyalty: An Empirical Study on the Mobile Telecommunication Service", American Journal of Industrial and Business Management, 2018** Publication	<1%
7	**Submitted to Universiti Teknologi MARA** Student Paper	<1%

Conference on Management and Service
Science, 2011
Publication

| 27 | Submitted to Kwame Nkrumah University of Science and Technology
Student Paper | <1% |

| 28 | Submitted to Universiti Teknologi Malaysia
Student Paper | <1% |

| 29 | Yongbing Jiao, Jian Yang, Zhanfeng Zhu. "An Empirical Study of Customer Loyalty to Internet Banking in China", 2012 IEEE Ninth International Conference on e-Business Engineering, 2012
Publication | <1% |

| 30 | Submitted to University of Birmingham
Student Paper | <1% |

| 31 | Submitted to Asia Pacific University College of Technology and Innovation (UCTI)
Student Paper | <1% |

| 32 | jmm-net.com
Internet Source | <1% |

| 33 | ueaeprints.uea.ac.uk
Internet Source | <1% |

| 34 | Submitted to University of Southampton
Student Paper | <1% |

35	Submitted to Institute of Graduate Studies, UiTM Student Paper	<1%
36	Krishna Moorthy, Lim En Chee, Ooi Chuan Yi, Ooi Soo Ying, Ooi Yee Woen, Tan Mun Wei. "Customer loyalty to newly opened cafés and restaurants in Malaysia", Journal of Foodservice Business Research, 2016 Publication	<1%
37	"Quantitative Methods in Tourism Economics", Springer Nature America, Inc, 2013 Publication	<1%
38	Hashim Zameer, Anam Tara, Uzma Kausar, Aisha Mohsin. "Impact of service quality, corporate image and customer satisfaction towards customers' perceived value in the banking sector in Pakistan", International Journal of Bank Marketing, 2015 Publication	<1%
39	www.lib.utexas.edu Internet Source	<1%
40	www.pjsor.com Internet Source	<1%
41	Submitted to Universitat Mannheim Student Paper	<1%
	Submitted to Massey University	

| 42 | Student Paper | <1% |

| 43 | **Submitted to Assumption University**
Student Paper | <1% |

| 44 | scholar.lib.vt.edu
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| 45 | **Submitted to Coventry University**
Student Paper | <1% |

| 46 | **Submitted to Westminster International College - Kuala Lumpur**
Student Paper | <1% |

| 47 | Halil Nadiri, Kashif Hussain. "Diagnosing the zone of tolerance for hotel services", Managing Service Quality: An International Journal, 2005
Publication | <1% |

| 48 | www.excelmasterseries.com
Internet Source | <1% |

| 49 | uir.unisa.ac.za
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| 50 | etd.uum.edu.my
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| 51 | **Submitted to London School of Commerce**
Student Paper | <1% |

| 52 | riziki0.tripod.com | |

Appendix XI Final MBA project Slides

THE PROMINENT FACTOR INFLUENCING CUSTOMER LOYALTY IN BUDGET HOTEL IN BEIJING, CHINA

Name: QIU YUETING
Student ID: I17012491
Under the Guidance of:
Kumarashvari Subramaniam

Agenda

➢ Background
➢ Problem Statement
➢ Research Objectives and Research Questions
➢ Conceptual Framework
➢ Hypotheses
➢ Research Methodology
➢ Demographic Data of Respondents
➢ Pilot Test
➢ Reliability Analysis
➢ Factor Analysis
➢ Correlation Analysis
➢ Multiple Regression Analysis
➢ Findings and Discussion
➢ Recommendations
➢ Further Research

Introduction

➢ The topic is to find out important factors influencing customer loyalty towards budget hotels in Beijing, China.

➢ The research chooses Beijing since it is the capital of China and also the cultural, economic as well as military center of China.

➢ Budget hotels are small and middle-sized hotels.

➢ Budget hotels provide service with a cheap price in 30-40 USD per room per night within such limited facilities as single bed, water bottle, and iron board.

➢ Budget hotel's model of "b & b" (bed and breakfast) is an important characteristic.

Background
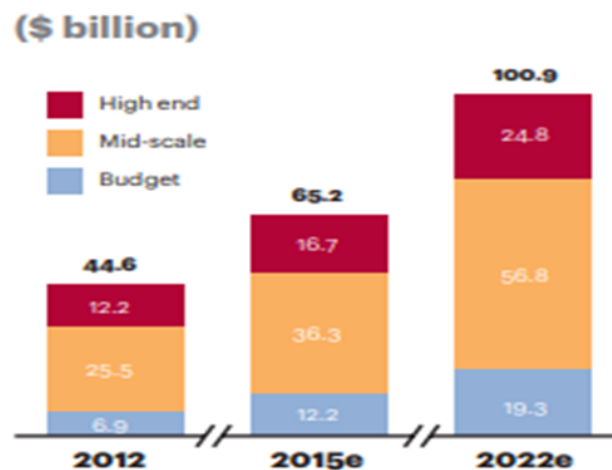
Figure 1: Growth of Budget Hotels in China
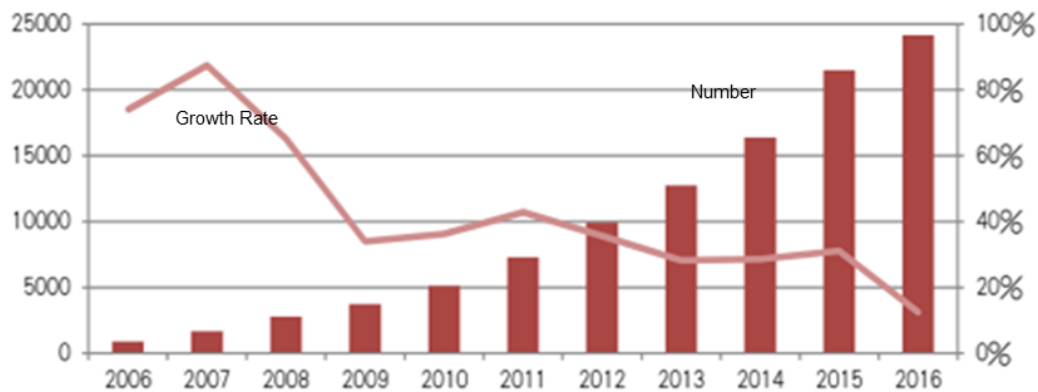
The number of the budget hotels in China has increased from 2006 to 2016 (Chyxx.com, 2017).

Background

> It is predicted that the income of budget hotels will increase to 19.3 billion USD in 2022 (Goh, Gan, and Kim, 2013).
> Budget hotel with a strong potential for long-term growth is the young growth industry of hotel industry in China.

Problem Statement

| Researches	Components
Poku, Zakari, and Soali (2013)	Service quality and satisfaction
Sha and Zou (2012)	Based on perceived value
Shi (2013)	Brand image, perceived value, perceived quality
Msallam and Alhaddad (2016)	Customer satisfaction, trust on hotel and affective commitment
Tefera and Govender (2017)	Service quality and customer satisfaction
Stan, Caemmerer, and Jallet (2013)	Image perceptions, service quality, switching cost, and customer satisfaction
Yasin, Jamontaite, Ahmedova, and Akin (2017)	Brand personality
Yin and Shen (2017)	Switching cost and perceived value

Research Objectives

- To determine the relationship between service quality and customer loyalty in budget hotel in Beijing, China.
- To determine the relationship between switching cost and customer loyalty in budget hotel in Beijing, China.
- To determine the relationship between perceived value and customer loyalty in budget hotel in Beijing, China.
- To determine the prominent factor influencing customer loyalty in budget hotel in Beijing, China.

Research Questions

- Is there any relationship between service quality and customer loyalty in budget hotel in Beijing, China?
- Is there any relationship between switching cost and customer loyalty in budget hotel in Beijing, China?
- Is there any relationship between perceived value and customer loyalty in budget hotel in Beijing, China?
- Which is the prominent factor influencing customer loyalty in budget hotel in Beijing, China?

Conceptual Framework
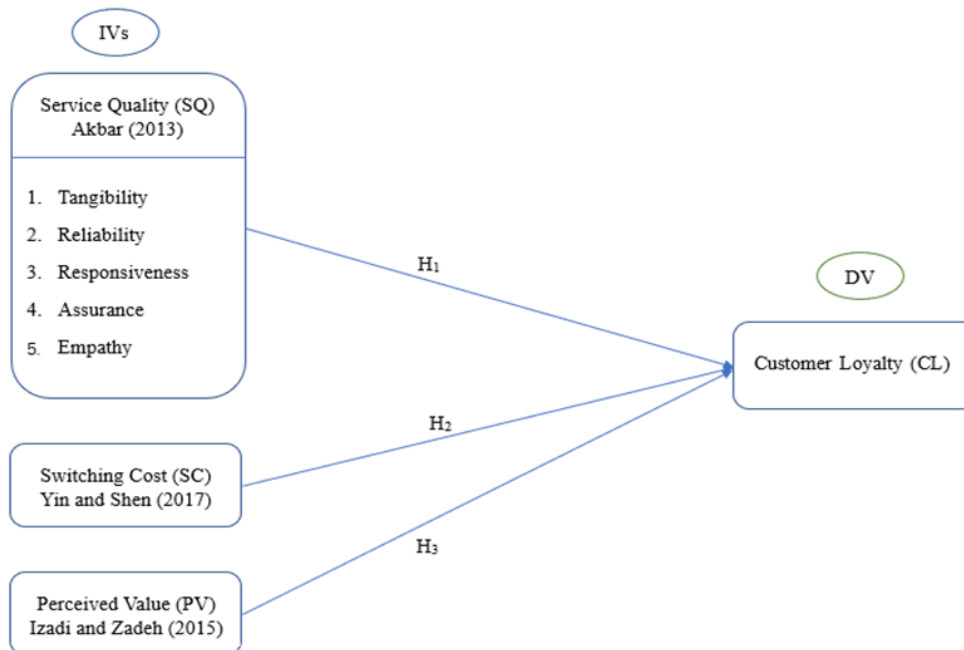
Conceptual Framework

Variable	Authors	Example
Service Quality	Saleem and Raja (2014)	Service quality plays a direct and significant influence of customer loyalty in Pakistan's hotel industry.
Switching Cost	Zhou (2016)	Switching cost is the significant and positive influencer of customer loyalty in hotel industry in China.
Perceived Value	Zhang (2016)	Perceived value has a significant and further positive influence on customer loyalty in hotel industry China.

Hypotheses

➢ There is a significant relationship between service quality and customer loyalty in budget hotel in Beijing, China.

➢ There is a significant relationship between switching cost and customer loyalty in budget hotel in Beijing, China.

➢ There is a significant relationship between perceived value and customer loyalty in budget hotel in Beijing, China.

Research Methodology

➢ **Quantitative research**

➢ **Population: customers of budget hotels in Beijing**

➢ **Sample size: 200**

➢ **Data collection: in person**

➢ **Questionnaire: 3 for demographic information, 39 for variables**

➢ **Test analysis:** Descriptive analysis, Pilot test, Factor analysis, Reliability analysis, Multiple Regression Analysis

Pilot Test

	Cronbach's Alpha Score	Number of Items
Customer Loyalty	0.934	6
Service Quality	0.962	22
Switching Cost	0.868	5
Perceived Value	0.888	6

Reliability Analysis

	Cronbach's Alpha Score	Number of Items
Customer Loyalty	.928	6
Service Quality	.933	22
Switching Cost	.892	5
Perceived Value	.934	6

Demographic Data of Respondents

Demographic	Item	Frequency	Percentage
Gender	Male	98	49
	Female	102	51
Age	Below 18	13	6.5
	18-25	24	12.0
	26-35	53	26.5
	36-45	54	27.0
	46-55	39	19.5
	Above 55	17	8.5
Monthly Income	Below 3000	19	9.5
	3000-4500	83	41.5
	4501-6000	58	29.0
	6001-7500	17	8.5
	Above 7500	23	11.5

Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.821
Bartlett's Test of Sphericity	Approx. Chi-Square	7435.853
	df	630
	Sig.	.000

INTI International University (2018)

Factor Analysis

Item	Factor Loading							
	1	2	3	4	5	6	7	8
Customer Loyalty								
I do not like to change to another hotel I value the selected hotel.	.802							
I will encourage my friends and relatives to choose this hotel.	.797							
I say positive things about this hotel to other persons.	.777							
I consider this hotel to be my first lodging choice.	.769							
I will continue to stay in this hotel.	.710							
I recommend this hotel to those who ask my advice.	.688							
Service Quality								
The hotel gives me individual attention.		.858						
The hotel has operating hours convenient to all its customers.		.810						
The hotel has my best interest at heart.		.778						
The employees of the hotel understand my specific needs.		.776						
The hotel has employees give me personal service.		.759						
The hotel executes the transaction right the first time.				.842				
The hotel provides its service at the time it promises to do so.				.808				
When I have a problem, the hotel shows a sincere interest in solving it.				.773				
When the hotel promises to do something by a certain time, they do.				.756				
The hotel has modern looking equipment.					.820			
The hotel's reception desk employees are neat appearing.					.808			
The hotel's features are visually appealing.					.794			
Materials associated with the service (such as announcements) are visually appealing in the hotel.					.779			
Employees in the hotel are consistently courteous with me.							.854	
Employees in the hotel have the knowledge to answer my questions.							.842	
The behaviour of the employees in the hotel instils confidence in me.							.801	
I feel safe in my transaction with the hotel.							.705	

Factor Analysis

Employees in the hotel are never too busy to respond to my request.								.788
Employees in the hotel give me prompt service.								.766
Employees in the hotel are always willing to help me.								.758
Employees in the hotel tell me exactly when the transactions will be performed.								.749
Switching Cost								
Overall, it would cost me a lot of time to find an alternative hotel.						.852		
Switching to a new hotel causes monetary cost.						.795		
Overall, it would cost me a lot of efforts to find an alternative hotel.						.781		
If I switch to a new hotel, the service offered by the new hotel might not work as well as expected.						.704		
Perceived Value								
Booking system of the hotel is suitable for me.			.814					
The staff is willing to help their customers in evert moment.			.788					
Every promise given to customers is verified in a stated period.			.782					
The staff recognises and understands the needs of their customers.			.738					
Using the services of the hotel is in accordance with my social status.			.737					
								Total % of Variance: 79.736

Multiple Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.323	.290		1.112			
Service Quality	.690	.094	.513	7.313	.000	.577	1.733
Switching Cost	-.008	.071	-.007	-.112	.911	.636	1.573
Perceived Value	.225	.075	.218	3.017	.003	.542	1.845

R Square	.443
Adjusted R^2	.435
Durbin Watson	1.645
F-Test	P=.000
(Statistically significant at 0.05 level)	

Summary of Hypotheses Testing Results

Hypothesis	Hypothesis Statement	Result
H_1	There is significant relationship between service quality and customer loyalty	Fail to reject
H_2	There is significant relationship between switching cost and customer loyalty	Reject
H_3	There is significant relationship between perceived value and customer loyalty	Fail to reject

Key Findings

- ➢ Modern equipment
- ➢ Served on time
- ➢ Solving problems faster
- ➢ Be responded at any time
- ➢ Show passion to service customers
- ➢ Understanding needs of customers

Recommendation

Focus on service quality and perceived value

- ➢ Increase facilities
- ➢ Increase employees' service skills
- ➢ Provide specific service
- ➢ Make convenient booking system
- ➢ Find out customers' needs and demands

Future Research

➢ Further research for each independent variables.

➢ Find out more other factors

➢ Extend sample size

Reference

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