

Examining the Determinants Influencing the Relationship Between Service Quality and Customer Loyalty in Selected Hotels in Saudi Arabia

Firas Abdullah Alarifi

¹ Faculty of Finance and Administrative Science, Al Madinah International University,
Taman Desa Petaling, 57100 Kuala Lumpur, Malaysia

firmalarifi220@gmail.com

Accoc. Prof. Dr. Mazen Mohammed Farea

² Faculty of Finance and Administrative Science, Al Madinah International University,
Taman Desa Petaling, 57100 Kuala Lumpur, Malaysia

mazen.farea@mediu.edu.my

Abstract

This study explores the factors that affect the relationship between customer loyalty and service quality in selected hotels in Saudi Arabia. Given the increasing significance of customer loyalty in the competitive hospitality industry, understanding the elements that drive this relationship is essential for improving service delivery and fostering a loyal customer base. The research uses a mixed-methods approach, incorporating both quantitative surveys and qualitative interviews with hotel guests and management. Key factors analyzed include service reliability, responsiveness, assurance, empathy, and the tangible aspects of service. The findings indicate that service quality has a substantial effect on customer loyalty, with responsiveness and assurance identified as the most important dimensions. Furthermore, the study emphasizes the influence of cultural factors and personal experiences on customer perceptions. Recommendations for hotel management include specialized training programs for staff and the establishment of feedback mechanisms to consistently enhance service quality. This research adds to the existing literature on customer loyalty and service quality, offering insights relevant to the Saudi hospitality sector and beyond.

Keywords: *Hotels, Customer Loyalty, Service Quality, Saudi Arabia*

1. Introduction

The importance of quality recognition in healthcare services and its impact on customer utilization. Bellou and Thanopoulos (2006) argue that trust in service quality influences whether customers choose to seek care, even considering traveling abroad for better services. The need for effective quality management in healthcare is highlighted due to its economic impact and rising competition. Continuous improvement in service quality is essential, as customer expectations and technological advancements evolve. The paragraph concludes by emphasizing the significance of understanding quality assessment in a customer-driven healthcare approach and suggests a framework for evaluating service quality.

the critical role of service quality in the hotel industry, emphasizing its importance in distinguishing hotels from competitors and achieving a sustainable competitive edge, particularly in Saudi Arabia's challenging market. It explores various theoretical perspectives on service quality, highlighting its multidimensional nature and the subjective judgment of customers. Key dimensions include technical quality, functional quality, and corporate image. The text also references various models and studies that categorize service quality factors into hygiene, enhancing, and dual threshold factors, stressing the need for hotels to focus on improving customer experience. Ultimately, it underscores the necessity for high-quality service to foster customer loyalty and

organizational success. The research methodology involves descriptive analysis using SPSS and AMOS software to assess data and validate hypotheses.

2. Literature Review

Service quality is crucial for hotels, setting them apart from competitors and ensuring customer retention, especially in a competitive market like Saudi Arabia. High service quality, defined by various scholars as multidimensional and based on customer perceptions, influences customer satisfaction and loyalty. Key factors include technical quality, functional quality, and the overall image of the hotel. Research emphasizes the importance of understanding hygiene factors (expected but not satisfying) and enhancing factors (optional but beneficial) to improve customer experiences. Ultimately, maintaining high service quality is essential for hotel sustainability, profitability, and success in a competitive economy.

2.1 Nature of the Study (or Theoretical/Conceptual Framework)

The concept of service quality, particularly in the hotel industry. Lin defines service quality as the gap between customer expectations and perceptions after receiving service. Parasuraman, Zeithaml, and Berry identify five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. They argue that evaluating service quality is more complex than evaluating goods, as it depends on customer perceptions

and service delivery processes. Other studies also highlight various dimensions of service quality, including the importance of interpersonal interactions between customers and hotel staff. The text emphasizes the challenges in measuring service quality due to its multifaceted nature and suggests that understanding and managing service quality is crucial for hotel organizations. Lastly, it notes that existing service quality measures may need cultural adaptation to be effective across different contexts.

2.2 Conceptualization

Service quality is often analyzed through behavior theory, contrasting with economic theory. Many studies suggest customers perceive service quality as either positive or negative, with significant gaps between their expectations and perceptions. Parasuraman et al. introduced the Gap model to measure these gaps, which has been widely applied, including in total quality approaches. Rust and Oliver identified three dimensions of service quality: service product, delivery, and surroundings. The SERVQUAL instrument, developed by Parasuraman et al., highlights five dimensions—reliability, assurance, responsiveness, tangibles, and empathy—but has faced criticism despite its effectiveness. Research on the structure and antecedents of service quality is limited. Gronroos proposed a two-dimensional model, while later studies in recreational sports and the hotel sector introduced hierarchical models with multiple dimensions of service quality, emphasizing the importance of customer satisfaction and perceptions in influencing outcomes.

The measurement and conceptualization of service quality, emphasizing the hierarchical factor structure identified in various studies. It highlights the work of Parasuraman et al. (1985), who identified ten characteristics of service quality, later refining them into five dimensions: assurance, tangibility, responsiveness, reliability, and empathy. These dimensions serve as a foundation for service quality assessment, applicable even in public management contexts. The text also mentions models like Jann's "New Steering Model," which modernizes local government through leadership and performance management, and Rothstein and Teorell's framework focusing on impartial government quality. It notes the differing service needs between urban and rural hotel providers, emphasizing the close relationships in rural communities. Overall, the literature points to a need for a comprehensive framework to evaluate hotel service quality, particularly in urban settings, combining various constructs and issues.

2.3 Definition

Service quality is primarily understood through behavioral theory, contrasting with economic theory, and is often seen by customers as either positive or negative. The concept was initially conceptualized in the Gap model by Parasuraman et al. (1985), which measures service delivery stages based on the gaps between customer perceptions and expectations. Key dimensions of service quality, known as SERVQUAL, include reliability, assurance, responsiveness, tangibles, and

empathy. Despite its popularity and psychometric advantages, SERVQUAL has faced criticism, and research on service quality's structure and antecedents remains limited. Various models have emerged in different sectors, such as recreational sports and higher education, highlighting the importance of hierarchical factor structures in assessing service quality. Overall, the concept remains vital across multiple domains, with a focus on the discrepancies between customer expectations and perceptions.

The public management sector has explored various dimensions of service quality, exemplified by Jann's "New Steering Model" (1993), which aims to modernize local governments through components like leadership, goal-oriented activities, and customer-focused strategies. Meanwhile, Rothstein and Teorell (2008) expand on government quality by integrating impartiality within a framework that contrasts democracy, rule of law, and effectiveness. The context of service quality varies between rural and urban areas, with rural hotels benefiting from stronger community ties due to lower mobility and familiarity among residents. Literature indicates the need for a framework that combines different variables to effectively assess hotel service quality, particularly in urban contexts, to enhance community service.

2.4 Definition

Service quality is a key aspect of the services industry, defined in various ways by many scholars. While numerous studies have explored this concept, a consensus among researchers suggests that service quality reflects customer attitudes based on the gap between their expectations and the actual performance of the service. Service quality is defined in various ways, with key perspectives suggesting it stems from the comparison between customer expectations and actual service performance. Scholars like Gronroos and Caruana emphasize both technical and functional dimensions, while other studies link service quality to competitive advantage and organizational profitability. Measurement of service quality often involves assessing the alignment between service standards and customer expectations. Additionally, it is viewed as a universal judgment about service excellence, distinct from satisfaction, which relates to specific transactions. Zeithaml also characterizes service quality as a customer's overall assessment of a product's quality.

2.5 perspectives of service quality (Tangibles)

The concept of "servicescape" refers to the physical environment in which a service is delivered, encompassing both exterior and interior attributes that contribute to customer experience. It includes elements like building appearance, signage, layout, and ambient conditions (e.g., temperature, music). Terms like atmospherics, hotelevidence, and hotelscape have been used to describe these tangible aspects. Specifically in maternity hotels, servicescape involves details such as flooring, decor, and staff appearance. Hotelevidence relates to tangible signals of service quality, including facilities and communication elements that shape

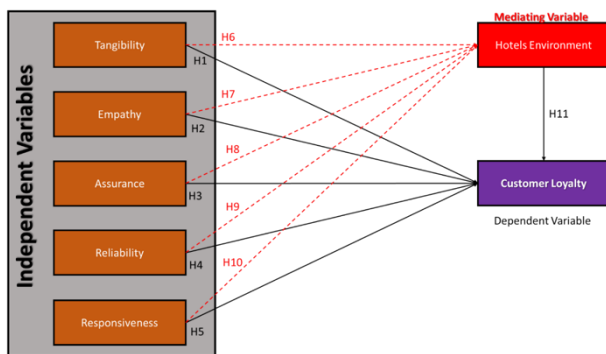
customer perceptions. Overall, the servicescape plays a crucial role in enhancing the service experience for clients.

2.6 Customer Loyalty

Service literature has explored customer loyalty for decades, leading to various definitions. Scholars are divided into two main perspectives: one views loyalty as customer behavior, focusing on repurchase and recommendations, while the other sees it as customer attitude, encompassing both repurchase and intention to recommend. The latter perspective has gained traction due to critiques of behavioral models, which struggle to differentiate between types of loyalty, and the challenges in measuring loyalty effectively.

Recent studies have followed Pearson’s (1996) definition of customer loyalty as a positive mindset towards an institution, encompassing commitment to reuse its services and recommend it to others (Mahatma et al., 2013). Customer loyalty is often divided into two types: attitudinal and behavioral (Khan, 2009; Chiu et al., 2013). Behavioral loyalty refers to actual repurchase behavior or intentions towards a brand (Ha and Jang, 2009; Ozdemir and Hewett, 2010; Jani and Han, 2011), while attitudinal loyalty reflects the consumer’s attitudes towards a product/service (Kumar & Reinartz, 2006). Research has utilized various methodologies to measure customer loyalty, including distinct constructs for attitude and behavior or combining them into a single variable (Taylor et al., 2004; Chiu et al., 2013).

3. Research Model



3.1 Data Collection Technique and Method

This study will primarily utilize a survey method for data collection. There are several reasons for this choice. Surveys employ various basic procedures to gather information from individuals in their natural settings (Graziano & Ravlin, 1997). They also facilitate the generalization of findings to the broader population (Leedy, 1997). Additional advantages of survey research include: (1) control over the methodology; (2) the ability to gather information that might otherwise be inaccessible; and (3) the capacity to capture a general sense of people’s feelings (Leedy, 1997). Typically, surveys involve a comprehensive set of items relevant to the topic of interest, allowing for the application of convergent and discriminant validity methods to confirm the adequacy of these measures (Mason & Bramble, 1989). Moreover, using multiple-item scales and survey instruments can effectively assess current conditions in

an organization with a high degree of specificity (Lyon, Lumpkin & Dess, 2000). Overall, the survey approach enables efficient data collection at a lower cost and supports statistical analysis (Snow & Thomas, 1994).

Additionally, polls can reach a large number of individuals, and respondents often feel more comfortable providing honest answers to sensitive questions due to the anonymity of their responses. However, there are drawbacks; most individuals who receive surveys do not complete them, and those who do may not be representative of the original sample (Leedy and Ormrod, 2001). For this study, data will be collected through online questionnaires using Google Docs, aligning with the practices of many researchers (Kuen et al., 2009) who also favor questionnaire surveys for their flexibility, speed, and cost-effectiveness.

4. Data Preparation

The first stage in data analysis is data preparation, which includes editing, coding, and data entry to ensure accuracy. This study used Google Forms for data collection. After gathering information, a data structure was created by defining the variables, which consisted of 58 items for independent variables, 15 for dependent variables, and 5 demographic items. The coding process followed, assigning numbers to response categories to facilitate analysis, with responses pre-coded from 1 (strongly disagree) to 5 (strongly agree) and then post-coded for further categorization.

4.1 Outliers

The researcher utilized multivariate detection techniques, specifically Mahalanobis distance, to identify multivariate outliers. By performing multiple regression analysis with case numbers as the dependent variable and non-demographic measures as independent variables, they calculated Mahalanobis D^2 distances for each item. A D^2/df value above 3.5 indicates a potential outlier. The analysis revealed that the highest D^2 value was 2.607 for case 300, and since all D^2/df scores were below 3.5, no cases were removed from the study. Table 4.1 presents the Mahalanobis distances.

Case number	Mahalanobis distance (D^2)	D^2/df
300	229.45565	2.607
81	196.02285	2.228
75	190.34686	2.163
347	182.03867	2.069
5	170.11412	1.933
299	160.7703	1.827
56	155.54752	1.768
232	152.74556	1.736
276	151.68084	1.724
177	149.85399	1.703

4.2 Common Method Variance

The study acknowledges the potential concern of common method variance (CMV) due to data being collected from a single source, despite implementing procedural remedies beforehand. CMV can introduce systematic error and bias, especially when both predictor and criterion variables come from the same respondent. To mitigate CMV, the study applied both procedural and statistical methods, including Harman’s single-factor test, full collinearity, and the marker variable technique. Harman’s test indicated 88 distinct factors, with the largest explaining only 23.05% of the variance, suggesting that CMV is not a significant issue. However, the method has limitations, as it may not fully capture the presence of CMV.

5. (Introduction) Findings Discussion

This chapter summarizes the research findings and discusses their implications, limitations, and future directions. It begins with an overview of the research questions and objectives, followed by a review of relevant literature that supports the study. The research model and hypotheses were developed based on insights from prior analyses and theories. The methodology section outlines the data collection and review process. Finally, the chapter presents the findings, evaluates the hypotheses, and concludes with an analysis of the study's contributions and areas for further research.

5.2 Recapitulation of the Study

The study aims to explore how various aspects of service quality in hotels—specifically tangibility, reliability, responsiveness, assurance, and empathy—affect customer loyalty. The researcher has set objectives to investigate the impact of each of these service quality dimensions on customer loyalty in the hotel industry.

5.3 Findings Discussion

In this section, the researcher will discuss the findings in the light of the researcher’s point of view and the previously published literature. Summary of findings discussion and the literature comments are presented in Table 0.1.

Table 0.1 Summary of findings

RQ	H	Path
RQ1	H1	TNG -> CULY
RQ2	H2	EMP -> CULY
RQ3	H3	ASU -> CULY
RQ4	H4	RLB -> CULY
RQ5	H5	RSP -> CULY

5.4 The Effect of Demographical Items on the Customer Loyalty

The segment of the research findings focuses on the effect of the demographical Items (Sex, Age, Educational Level, Total Visits, Last visit) on Customer Loyalty. This

section seeks to compare the mean value of the customer loyalty among different groups of demographical variables.

* The findings indicate a statistically significant difference in customer loyalty scores between male and female customers in private hotels in Saudi Arabia, suggesting that gender influences loyalty. This highlights the need for gender-specific strategies to improve customer loyalty in the hospitality sector.

* The findings revealed a significant difference in customer loyalty scores among different age groups for private hotels in Saudi Arabia. This indicates that loyalty varies by age, highlighting the importance of age-specific preferences and expectations. Consequently, tailored marketing and service strategies are necessary to effectively address the needs of diverse customer segments.

* The study confirmed that educational level significantly impacts customer loyalty to private hotels in Saudi Arabia. This indicates that customers' loyalty varies with their education, suggesting that hotels should tailor their services and marketing to meet the diverse needs and expectations of customers from different educational backgrounds.

* The study found that customer loyalty to private hotels in Saudi Arabia varies significantly based on educational level. This suggests that education influences customer perceptions and expectations, emphasizing the need for hotels to customize their services and marketing to cater to diverse educational backgrounds.

* The study found no significant difference in customer loyalty scores based on the time since a customer's last visit to private hotels in Saudi Arabia. This indicates that the recency of a visit does not significantly affect a customer's loyalty to the hotel.

The results align with existing literature, although some studies present differing findings. Teeroovengadam (2022) found significant gender differences in how service quality affects customer satisfaction in banking. Manyanga et al. (2022) discovered that while age moderates the relationship between customer satisfaction and loyalty, gender and education do not. In contrast, Vigolo et al. (2019) showed that for Italian respondents, attending more performances significantly impacts attitudinal loyalty to an opera festival.

5.5 Practical Implications

The study highlights important strategies for hotel managers in Saudi Arabia to boost customer loyalty through enhanced service quality. It emphasizes the need for high standards in the physical aspects of services, such as facility appearance and equipment, recommending investments in modern infrastructure. Additionally, it

points out the importance of instilling customer trust through knowledgeable and courteous staff, suggesting that training programs to improve staff competence and professionalism are essential.

The reliability of service quality is vital for customer loyalty in hotels, as customers value consistency and dependability. Hotels should fulfill their promises and maintain high service standards through quality control and performance evaluations. Responsiveness is also crucial; quick responses and issue resolution enhance customer loyalty. Additionally, demographic factors like gender, age, and education influence loyalty perceptions, so hotels should tailor their marketing strategies accordingly. Notably, the frequency of visits and recency of visits do not significantly impact loyalty, indicating that consistent high-quality service and a positive environment are key to sustaining customer loyalty.

5.6 Implication

It's worth mentioning that the current study contained some limitations which will be reviewed in this chapter, such as:

- This study focused exclusively on selected hotels within Saudi Arabia, which may limit its applicability to other countries or regions with different cultural and economic contexts.
- The sample was drawn from specific hotels and customers in Saudi Arabia, potentially restricting insights to this subset of the hospitality industry.
- Conducted over a limited period, this research may not fully capture longitudinal changes in customer perceptions and loyalty behaviors.
- This study employed quantitative methods only, missing potential insights from qualitative approaches like interviews or focus groups.
- The study focused on specific service quality dimensions, excluding other factors such as customer satisfaction and cultural influences.
- Geographically confined to Saudi Arabia, the study did not explore variations in service quality impacts on customer loyalty in different global regions.
- These limitations highlight opportunities for future research to expand the scope and methodology, offering deeper insights into customer loyalty dynamics across diverse hospitality settings globally.

5.7 Research Future Recommendation

The current study has many potentials which will be highlighted in this section to ensure that future researchers are aware of them:

- Expand the study to include a wider range of hotels across Saudi Arabia to better understand factors influencing customer loyalty in diverse contexts.
- Increase sample size diversity to explore how demographic variables like gender, age,

education, and visit frequency interact with service quality and loyalty.

- Combine qualitative and quantitative methods to capture nuanced customer perceptions and experiences in hospitality settings.
- Investigate additional variables beyond service quality to uncover new drivers of customer loyalty in Saudi Arabian hotels.
- Conduct longitudinal studies to track loyalty changes over time and assess the impact of service improvements and environmental changes.
- Explore alternative theoretical frameworks or expand RBV to include external environmental factors for a deeper understanding of customer loyalty dynamics in hotels.

Summary

The researcher discusses the findings of the study and connects them to existing literature. Additionally, the chapter addresses the implications of the research, its limitations, and offers recommendations for future work.

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