

**THE APPLICATION OF HOTEL-CUSTOMER
SATISFACTION INDEX (H-CSI) MODEL FOR
INTERNATIONAL TOURIST HOTELS IN MALAYSIA**

FOR REFERENCE ONLY



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Abstract

International tourism has an important role in Malaysia, for it has both direct and indirect benefits to host countries (Contour, 2013). In order to gain more benefits from tourism, the government has set tourism goals for both the short and long term. In the short term, the government intends to attract 28 million international travelers in 2014 (News Straits Times, 2013), while in the longer term – by 2020 – they hope to attract 36 million international travelers and increase tourism revenues to above RM168 billion (Kannan, 2013).

In order to help the government achieve its goals on tourism, and specifically to help international tourist hotels (ITHs) to increase customer satisfaction levels, this study applied the hotel-customer satisfaction index (H-CSI) model developed by Deng, Yeh and Sung (2013). The aims were to test the applicability of this model in Malaysia and hopefully to help hotel managers in ITHs in Malaysia to manage customer satisfaction better. Three hundred and twenty six ITH customers were surveyed in this research. The results show that the H-CSI model is indeed also applicable in Malaysia. Therefore, this model could help the hospitality industry to improve customer satisfaction and at the same time the government to achieve its goals.

However, although this study showed that the H-CSI model can be applied in Malaysia, the results differed in places from those obtained in the original H-CSI model. Consequently, it is recommended that hotel managers adapt the model to their own specific culture and situation, rather than copying it wholesale from other countries. Mediation effects in the H-CSI model were also employed in this research. It is hoped that these results will help future researchers or users have a deeper understanding of this model and how to use it.

Key Words: customer satisfaction index, international tourist hotels, Malaysia.

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Declaration by candidate

I hereby declare that this research project is of my own effort except for the information that has been used from various authors that have been cited accordingly and ethically.

Name: Zhang Zhifang

Date: 11th November, 2013

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List of Abbreviations

ACSI	America Customer Index
CES	Consumption Emotion Set
CPV	Consumer Perceived Value
CCB	Consumer Complaint Behavior
CS	Customer Satisfaction
CE	Consumption Emotion
CC	Customer Complaints
DES	Differential Emotions Scale
ECSI	European Customer Satisfaction Index
EPI	Emotions Profile Index
H-CSI	Hotel Customer Satisfaction Index
ITHs	International Tourist Hotels
NCSB	Norwegian Customer Satisfaction Barometer
PERVAL	Perceived Value scale
PLS	Partial Least Squares
PAD	Pleasure-Arousal-Dominance
PV	Perceived Value
SCSB	Sweden Customer Satisfaction Barometer
SQ	Service Quality
LY	Customer Loyalty

CHAPTER 1: INTRODUCTION

1.0 Chapter Overview:

This chapter contains eight sections. Section 1.1 introduces the background to this research. Section 1.2 identifies the gaps in prior research. Section 1.3 details the research objectives and questions of this study. Based on the research objectives, the research framework is shown in Section 1.4. In Section 1.5, the author narrows down the scope of the research, and in Section 1.6 she discusses the significance of this research to the academic area, the hospitality industry and the whole country. Section 1.7 sets out the limitations of this research, and finally Section 1.8 contains a summary of the chapters.

1.1 Research Background

The President and Chief Executive Office of the World Travel & Tourism Council (WTTC for short) Mr David Scowsill pointed out that the travel and tourism industry directly contributed 9% of world GDP and created up to 260 million jobs in 2011 (MercoPress, 2011). As one of the top ten tourism destination countries in the world (World Tourism Organization, 2013), Malaysia's tourism directly contributed 6.7% of the country's GDP and created more than 750,000 jobs in 2011 (Grossniklaus, 2013).

Tourism has both direct and indirect benefits to host countries (Contour, 2013). Besides the direct economic and social contributions mentioned above, tourism can also improve the quality human life quality and enhance international communication. Contour (2013) added that tourism creates an open trade market

and interdependence, which might help to reduce local conflicts and poverty in developing countries. Tourism can contribute lots of benefits to countries, as Tourism Victoria (2010) mentioned, such as generating different types of incomes for communities; creating new businesses; increasing revenues in residential and commercial areas; prompting the preservation of cultural heritage; and prompting environment protection, et al.

Economic growth in many countries has been boosted by the development of tourism and the hospitality industry. The United Nations' World Tourism Organization reported that the number of international tourists increased by 5.2% to nearly half a billion in the first half year of 2013. Among these international tourists, the vast majority – 494 million – spend at least one night abroad (The Star Online, 2013). In Malaysia, the number of international tourists has also recorded an increasing trend year by year. According to the World Tourism Organization (UNWTO), the number of international tourist arrivals in Malaysia increased from 24.58 million in 2010 to 25 million in 2012 (World Tourism Organization, 2013). Table 1.1 below depicts the number of tourist that visited Malaysia from 2009 to 2012.

Table 1.1 Malaysia International Tourist Arrivals

Year	World Rankings	International Tourist Arrivals
2009	9	23.6 million
2010	9	24.58 million
2011	10	24.7 million
2012	10	25.0 million

(Source: World Tourism Organization, 2013)

The well-developed tourism industry in Malaysia brings lots of travellers from both

the domestic and international markets, and this greatly boosts the need for hotel accommodation. In addition, tourists need to live and eat, so the tourist boom also drives the wider development of the hospitality industry (MRI Network, 2013).

The Malaysian government has high requirements and expectations towards the development of the country's tourism sector. A measure of the Tourism Ministry's seriousness is that they announced that if the overseas tourism office fails to bring enough tourists to Malaysia, they will close it (Liz, 2013). Their targets are ambitious. In the short term, the Malaysian government intends to attract 28 million international travelers by 2014 (News Straits Times, 2013), while the longer-term Malaysian Tourism Plan 2020 targets attracting 36 million international travelers (Wong, 2013) and increasing tourism revenues to more than RM168 billion (Kannan, 2013) by the year 2020.

To meet these targets, the Malaysia government has already started preparations. Among these are the KL Hop-On Hop-Off City Tour bus operator Elang Wah Sdn Bhd, which announced that they had bought new buses and are currently preparing for the up and coming Visit Malaysia Year 2014 (Daim, 2013). In addition, 1800 more international-class hotel rooms (three-star and above) – a whopping 40% increase on the present stock of 4,317 – will be ready after the completion of nine new hotel projects (Wong, 2013). This will bring hotel room capacity for international tourists up to 6,171 by the end of 2013.

1.2 Problem Statement

While the tourism 'hardware' (infrastructure and physical capacity) may be sufficient to welcome Visit Malaysia Year in 2014 and meet the tourism targets for 2020, more needs to be done in terms of 'software' preparation in international tourist hotels (ITHs). As Deng, Yeh and Sung (2013) mention, for ITHs software