



The Effect of Hotel Brand Loyalty Program on Guests Retention in the case of Hilton Addis Ababa

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Specialization in Management**

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Declaration

I, Seifu Bekele, hereby declare that the thesis entitled The Impact of Brand Hotel Loyalty Program on Guests Retention in the case of AA Hilton is my own original work and has not been submitted for any degree in any other University. It is done for the award of the degree of Master of Business Administration in Management from Addis Ababa University.

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Statement of Certification

This is to certify that the thesis prepared by Seifu Bekele entitled:

The Impact of Brand Hotel Loyalty Program on Guests Retention in the case of AA Hilton and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration Specialization in Management compiles with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Acronyms

CRM - Customer Relation Managements

SALT - Satisfaction and Loyalty Tracking

PMS - Property Management system

GDS - Global Distribution System

HH – Hilton Honors

OTA – Online Travel Agent

SPSS - Statistical Package for Social Sciences

AMA - American Marketing Association

Abstract

A brand loyalty program is a powerful tool of relationship marketing and becoming popular to encourage customer loyalty. The aim of this study is to examine and get a deep understanding of the effects of the Hotel Guests loyalty programs on Guests retention. This study was applied to the Addis Ababa Hilton. The study investigates the effects of Hilton Honors member's tiers, delivery of Honors benefits, access to executive lounge & problems resolution rate on guests' retention which is measured by the willingness to return to property and recommendation to others. To achieve the objective of the study, the hotel automatic and random Satisfaction and Loyalty Tracking Survey (SALT) tool and Survey-based secondary data is used for this study purpose. A total of 471 Hilton honors guests' of all tiers responses for six months from January 1st 2019 to June 30th 2019 considered for this study. The quantitative collected data was analyzed using regression analysis Based on the analysis finding, the study has conclude by putting forwarded the identified result which dimensions of the hotel loyalty program has an effect on guests retention and put forward recommendations.

Few Key words: Loyalty program, Hilton Honor Loyalty program, Guests Retention, Honor Tiers, Problem Resolution, Executive Lounge Access, Delivery of Honors Benefits, Opera PM, OnQ PM

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CHAPTER ONE

INTRODUCTION

1.1. Back Ground of the Study

A brand loyalty program is a powerful tool of relationship marketing and becoming popular to encourage customer loyalty. (Roking, 2005). The use of loyalty programs can introduce mutual benefits to both customers and companies. Customer loyalty is an important issue for the success of any retail organization, because it is known that drawing new customers is more expensive than keeping existing ones (Singh & Imran 2012). To build loyal customers, companies use several types of loyalty programs. 57% of airlines and 41% of hotel chains reward consumers for a range of engagement behaviors. A typical approach uses dedicated tiers like diamond, gold, silver & blue, typically based on repeat purchases and customer purchase volumes.

Brand Loyalty reflects relationship development and retention reflects relationship continuity. The main aspect of Guests retention is the emotions evoked by the customer experience combined with the organization's strong reputation. Customer or Guests' retention is important to most companies because the cost of acquiring a new customer is greater than the cost of maintaining a relationship with a current customer. (Singh & Imran 2012). Loyalty programs aim to turn the occasional customer into a frequent customer; they would be more likely to recommend the business to their friends and relatives. They also raise the probability of changing customers from being a one or two item purchaser to purchasing several products. (Roking, 2005) Because the high cost of losing customers is rising every day, companies seek new techniques to acquire, and retain their loyal customers.

The first loyalty program was launched in 1981 when American Airlines initiated the Frequent Flyer Program. (McCall M & Voorhees C. 2010). In hotel business, the Holiday Inn Brand hotel was the first to initiate such a program in hospitality industry, followed in 1983 by the Marriott Hotel Corporation with its Honored Guest Program. It was the first program that not only awarded points for overnight stays in the hotel, but also awarded its guests for spending by giving points for each dollar spent on any service inside the hotel corporation. To this day, the

main theme of the reward system has remained unchanged. What has moved on, however, is the way guests perceive value and the time needed for its evaluation.

1.1.2. Background of the Hilton Worldwide & Hilton Addis Ababa

Hilton worldwide is one of the first brand hotels groups which started the brand loyalty Program. Currently, when the Hilton hotel group celebrates 100 years' service anniversary, it reaches 100 million members under its loyalty Program which implement throughout its 5700 plus hotels worldwide under the following 14 distinct Hilton hotels Brands which are used to market to a certain kind of travelers of every style, budget and occasions in more than 106 countries and territories. (Hilton worldwide lobby 2019)

The Hilton loyalty program attracts new guests and retains the loyal members by providing various benefits. The benefits are mutual; the hotel in the long run can maximize revenue by retaining guests to the brand. On the other hand, the guests acknowledged for their loyalty & get various benefits and personalized services and also have priority to get their preferred products or service sometimes even get without even asking for it. The benefits varies depends on the Honors tiers (Blue, Silver, Gold & Diamond) and the amount of dollars spent during stays. The guests automatically become a blue member after enrolling to the program and move to the next elites categories either based on the numbers of stays or the number of nights spent in all Hilton brand hotels. (Hilton worldwide HiltonHonors 2019)

The member get instant benefits after enrolling to the honors program like guaranteed members discount on the room rate, complimentary in room and public areas wifi connection, honors points towards free nights, second guests free stay, complimentary late checkout based on availability, possibility of digital check in after choosing the specific room online using the hotel digital floor plan, securing a digital key on guests personal mobile phone after processing payment for accommodation in advance, space available upgrade to premium room types and complimentary breakfast for elite members. The members can able to shop on amazon.com with their honors points and can also able to book a room with honors points. When the member doesn't have sufficient honors points to book room nights, they can use the point & money slider system to book with points and money. Besides, Hilton Honors is the only hotel loyalty program that I know of which allows the member to earn both hotel loyalty program points and airline

miles for the same stay. Hilton Honors program calls this “Double Dip”. (Hilton worldwide HiltonHonors 2019)

The Hilton Honors Loyalty schemes strengthen relationships between the hotel and guests. The guests rewarded for purchasing the products or services not only encourage customers to keep using the hotel, but also make them feel more valued, even more so if the rewards are personalized. This is where Hilton CRM comes in which works hand in hand with the Honors loyalty program. With a CRM system the hotel track individual customers’ transactions and analyze their preferences and spending habits. This knowledge make it easier to reward the guests appropriately for their loyalty and provide effortless service during return stays. Then the rewards lead to customer retention and also encourage potential customers to try the products or services. Besides, the CRM generates data that can help to track return on investment and manage customer service interactions, which use to improve the hotel operations and create a smoother, more efficient way of providing quality services at the spot and also solving guest problems at real time while guest is still in hotel and facilitates follow up for future stays. (Hilton worldwide lobby 2019)

Hilton Addis Ababa is one of the hotels which categorized under Hilton Hotels & Resorts brand group and the first hotel to introduce a brand hotel service in Ethiopia 50 years ago in 1969. The Hotel was able to take advantage of the brand and its loyalty program by providing world class service and guests experience to become a preferred hotel destination in Ethiopia for international travelers who experienced similar brand services worldwide. Most of the loyalty program benefits granted to the hotel guests during the guests stays as some of the benefits work only on OnQ property management system(PMS) where as Hilton Addis using OPERA PMS. In order to implement some of the benefits like the digital check in, the digital key and shopping through Amazo.com which were launched recently throughout the world require the OnQ PMS which is also a new phenomenon.

To the best knowledge of the researcher, there is no study conducted to assess the effects of the Addis Ababa Hilton Honors loyalty program on guests’ retention. As a result, the study is conducted to evaluate how effective the loyalty program liaise with the CRM system to enhance the quality of service, guests’ satisfaction and over all organizational performance specifically the guests retention.

1.2. Statement of the Problem

The increasing sophistication of guests demands coupled with increasing market competition has posed a new challenge to hotel managers for seeking ways to understand the most influential factors in guest satisfaction and loyalty. (Kandampully 2015) Besides, the objective to reach higher loyal members' rate through delivering quality service & guests' satisfaction and the effects of the loyalty program on delivering quality service and guests' satisfaction are like the analogy of the egg and the hen which sometimes difficult to determine which one comes first.

On one hand, Guests Satisfaction is traditionally considered as an overall affective response resulting from the use of a standardized product or quality service. (Oliver 1981) it is believed to have direct influence on customer loyalty (Mittal and Lassar, 1998; Oliver, 1997) and repurchase behaviors. (Kumar 2002)

On the other hand, the loyalty program liaise with the CRM system which track individual customers' transactions and analyzes their preferences and spending habits; help to enhance the quality and personalized service rendered by the hotel team members and increases guests' satisfaction and over all organizational performance specifically the guests loyalty and retention.

1.2.2. Problem of Brand Loyalty program in context of Hilton Addis Ababa

The Hotel business operates in a fierce competitive environment and become difficult to cope up with the dynamism of the nature of the business due to ever changing customer demand and also the increase in the number of brand hotel service providers at Addis Ababa. Now a day's most brand hotels provide almost similar products, facilities and services to their customers and have their own brand loyalty program; because of that, it's become very difficult to get new customers or retain the loyal customers to a specific brand for long period using their brand loyalty program.

With this rational thought in mind, this study focused to evaluate how Hilton honors loyalty program has an effect on guests' retention in the existing competitive hotel business environment.

1.3. Research Questions

The study tried to answer the following research question.

This study is an attempt to investigate the effects of Hilton loyalty programs on Guests retention. For the purpose of this study, guests' retention as a dependent variable measured by the guests recommendation and return to property. The Independent variables is the Hilton honors loyalty program having a dimensions of Honors tiers (blue, silver, gold and diamond), Rate of problem resolution, Delivery of honors benefits and access to executive lounge the study addressed the following questions:

- What is the effect of the Hotel Brand loyalty programs on guests' retention?
- What is the effect of the Hilton Honor Tier on guests' retention?
- What is the effect of the rate of problem resolution on guests' retention?
- What is the effect of delivery of honors benefits on guests' retention?
- What is the effect of providing executive lounge access on guests' retention?

1.4. Objective of the Study

1.4.1. General Objective

The main objective of the study is to assess the effect of Hilton honors loyalty program on guests' retention in the case of Hilton Addis Ababa.

1.4.2. Specific Objectives

In order to reach the main objective, the research addresses the following sub-objectives:

- Examine the effects of the Hilton honors tiers on guests retention
- Examine the effects of the rate of problem resolution on guests retention
- Examine the effects of the delivery of Hilton honors benefits on guests retention
- Examine the effects of access to executive lounge on guests retention

1.5. Significance of the Study

The significance of the study are many folds to begin with it clarify the effects of Hilton honors loyalty programs on customer retention. To know at which honors tiers level, the members' guests are more inclined to return to the hotel and inclined to recommend the hotel to others.

Besides, it helps to identify which dimensions of the Hilton honors loyalty program have a significant effect on guests' retention and help to adjust the honors benefits deliver at each specific tiers/level.

In general, the significance of this case study is to obtain a deep understanding of Hilton honors loyalty programs and its effect on guests' retention in the case of Addis Ababa Hilton and put forward recommendations for the hotels to put in place action related to loyalty program and alien effort of the daily operation.

1.6. Scope of the Study

1.6.1. Conceptual Scope

Addis Ababa HH loyalty program like any other loyalty program believed to have operational advantages. For instance securing maximum profits and increase per customer revenue, reduced marketing and operational costs, make easier to serve loyal customers, increase recommendation or positive word of mouth and guests return to property and other operational advantages. However, the scope of this study mainly focuses on the Hilton Honors brand loyalty program effect on guest's retention through recommendation and guests' willingness to return to the property after experiencing the hotel services and products.

1.6.2. Geographical Scope

The Hilton Honors Loyalty Program has 100 million members in 5700 hotels worldwide in 14 distinct Hilton hotels Brands. Only Members of loyalty program and the guests stayed at Hilton Addis include in this study. The hotel guests are coming from different countries and have different nationalities, age group, Social, Cultural and Educational & Professional back ground.

1.6.3. Methodological Scope

The research is uses a secondary data of guests' responses for automatic and random Satisfaction and Loyalty tracking SALT survey from January 1st 2019 to June 30 2019. A total of 499 guests under the four Hilton honors tiers (Blue, Silver, Gold and Diamond) respond to automatic survey

during six months and out of the total 499 guest's responses, a complete list of 471 guests' considered in the study as they are complete the survey properly and the remaining 28 responses excluded.

1.7. Limitation of the Study

In every research project it is necessary to draw the reader's attention to the limitations of the study. The main limitation of this research is that not all guests of the Hilton honors loyalty program could be address due to complexity and time limitations. Therefore, the data to be use for this research is Hilton honors guests of Addis Ababa Hilton. This research, and in no way does intend to be a generalization for the Hilton hotels worldwide & hotel industry as a whole.

The numbers of non-honors member's respondents are 2% of the total respondents. The reason for small number of responses is the non-honors members' guests profile are not fully compiled on the CRM system and the non-honors member guests doesn't receive the automatic SALT survey. Due to the small number of responses, it doesn't include in the study even for comparison purpose.

1.8. Definition of Terms

Loyalty programs: are structured marketing efforts that reward, and therefore encourage, loyal buying behavior, which is potentially beneficial to the firm. (Sharp, Byron and Sharp Anne 1997)

Brand Loyalty: is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, which causes repetitive same-brand or same brand set purchasing, despite any situation otherwise and marketing efforts that might cause switching behavior. (Oliver 1997)

Quality customer service: entails providing efficient, quick and friendly service, building strong relationships with customers, handling complaints quickly and responding to customers' issues on time. Quality customer service is the best way to keep customers coming back, thus ensuring long-term success (reference.com/business-finance/quality-customer-service).

Customer Expectation: the extent to which a product or service fulfills a customer's need and desire. (Oliver 1981)

Customer Satisfaction: a person's feelings of pleasure or disappointment that results from comparing a product's or service perceived performance with expectations (WTO 1985)

Satisfaction and Loyalty Tracking Survey/SALT: it's an automatic and random survey which sent to the hotel guests after checkout to have guests' feedback about their current stay. (Hilton worldwide lobby 2019)

Customer Relationship Management (CRM): in the context of Hilton defined as; Guests enrolled to Hilton Honors loyalty program have a unique identification number and used by the guests during booking to get special discounts, get honors points towards free nights and other many honors members' benefits. Through CRM data base, Hilton compile guests home and company address, room and dining preferences, payment methods....etc. of the guests stays at Hilton Hotels worldwide. The Hotels use the CRM system and can easily identify guests' preferences and provide effortless service. (Hilton worldwide lobby 2019)

Digital Check in: after downloading Hilton honors app on guest mobile phone, the guests have an opportunity to select their room online based on digital floor plan of the hotel and can able to check in before the guests arrive at the hotel. This is a new trend or benefits of IT in hotel industry which help the guests to minimize the time they spent on traditional check in process and control the room inventory by the guest which give a sense of ownership and creates transparency in providing service to guests. (Hilton worldwide lobby 2019)

Digital key: another new trend or application of IT in hotel industry. A Hilton Honor Guests uses their mobile phone to open their rooms after check in. Traditionally the guests have to come to the hotel reception desk to process the traditional check in and check out from the hotel. The new trend is after the guest made their hotel reservation online, select preferred room through digital check in and processed payment in advance using credit card; then The hononrs guests can create the room key for their preferred room on their mobile phone based on the number of nights stay in the hotel. They don't have to come to the desk to collect the traditional magnetic Ving Card Key.(Hilton worldwide lobby 2019)

OPERA PMS: Opera is the most used PMS Hotel Software in the world due to its high functionality and customization. It's mostly designed for five-star and a luxury establishment. Opera able to provide hotel staff with information and tools required to ensure guests are looked

after very well. It provides a better customer service with its user-friendly interface by facilitating the work of employees and the management in all operations. In this way, the hotels get more satisfied customers and more business potential. All the reports the hotel needs are readily presented and keep track of all the details of the business transactions. With advanced reports, the hotel can see past statistics and future forecasts which help to increase income and profitability by making the right decisions for the business. The staff able to create profiles for guests to ensure guests has best experience. This functionality allows to add pictures of guests to their profile and bookings and know who the guests are before even walk to the check-in desk and extend friendly welcome that provides unforgettable experience and makes the guests feel at home. (Hilton worldwide lobby 2019)

OnQ PMS: Hilton's OnQ PMS is another well-known system; however, it is a Hilton-specific system and is not available to other hotel chains. Its features including room key coding, employee/staff scheduling and management, wake-up call scheduling, work order tracking, maintenance management. The system integrate customer profiles and preferences with centralized databases to track and share guest information across the entire Hilton portfolio; integrate custom applications for accounting, revenue, sales and marketing and group reservations management into one system. OnQ CRM facilitates the streamlining and automation of workflow, allowing efficiency in guest check in, check out, and duration of stay. Integrate the Hilton OnQ central reservation system with the Global Distribution System (GDS) to allow online hotel reservations through multiple channels, as well as implement Hilton OnQ to allow remote web-based check-in capabilities. (Hilton worldwide lobby 2019)

1.9. Organization of the Paper

The paper organized under five chapters. Chapter One includes the background of the study, problem statement, and research questions, general and specific objectives of the study, and scope and limitation of the study and also includes the definitions of main terminologies. Chapter Two go through the literature review and provides conceptual clarification on brand loyalty, guests' services and satisfaction and its effect on the hotel industry in general. The research design and methodology present in Chapter Three. Specifically, this chapter show the research sampling methods follows by methods that used to collect data, data analysis, data organization and interpretation to be discuses. Furthermore, explain the statistical methods use to

analyze the data. On the Forth Chapter, interpretation of the multiple regressions and the result of the study to be discuss in depth. Finally, the last Chapter include summary of the major finding, provide conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

This chapter analyzed the theoretical background of loyalty program and its effect on guests' retention. It shows the relationships and differences between different articles or researches which utilized as a base for the conceptual framework of the loyalty program effects and finally summarize the different scholars' researches outcomes.

2.1. Theoretical Review

2.1.1. Brand

A brand can be defined as a distinguishing name and/or symbol, intended to identify a product or producer (Aaker, 1991). Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. According to the American Marketing Association (AMA), a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition" (Kotler, P. and Keller, K. L, 2006).

2.1. 2. Brand Loyalty

The classical process of brand loyalty generation is that firstly, the consumer make a "test purchase" of a particular product from a given brand. Then, the product have to meet the customer's expectations, and make him or her satisfied, if that is the case the consumer often buy this same product. Now that the customer have an image of the brand which is considered a safe and good quality, this customer is more ready to buy the product again or even other product from the same brand. The loyal customer are committed to a brand, ready to pay a more expensive price for a particular brand over others, and willing to recommend the given brand to other people (Giddens & Hofmann, 2010).

Kotler's define different pattern of brand loyalty. When we start with Kotler, P. and Keller, K. L (2006) they defined different patterns of behavior, Indeed not every consumer have exactly the same usage rate and the same commitment to the product using. These different behaviors are divided into four distinct patterns of behavior:

1. Hard-core loyal
2. Split loyal
3. Shifting loyal
4. Switchers

The strongest of these four, is the hard-core loyal customer which is buying from the same brand in every occasion occurred. The split loyal customer is a customer which has split feelings between different brands and is why buying from two or three brands. Shifting from one brand to another defines the customer as shifting loyal whereas switchers could be defined as not being loyal, where they always look for deal prone, bargains or just something different.

2.1.3. Benefits of Brand Loyalty

Firms selling brands with a high rate of loyal consumers reduce the marketing costs of the firm (Levins, 2009). Brand loyal consumers reduce the marketing cost of the firm compare to the cost of attracting a new customer. The cost of seeking new customers is about six times higher than the cost of retaining an old one. Similarly, Holt (2008) confirms that as costs escalate, credit access shrinks and competition increases, a strong and resilient brand is the solution for obvious competitive advantage (Holt, 2008).

Holt,(2008) state that loyal customers translate into lower marketing costs and increasing revenue over a customer's lifetime relationship with a company. Besides asserts that many firms are beginning to shift their marketing focus from new customers to existing customers in an attempt to secure a cohort of brand loyal customers to first ensure sustainability.

Brand loyal consumers are willing to pay higher prices and are lesser price sensitive. Brand loyalty also provides the firm with trade leverage and valuable time to respond to competitive moves (Aaker, 1991). In sum, loyalty to the firm's brands represents a strategic asset which has been identified as a major source of the brands' equity.

The following have been identified as the most common benefits from brand loyalty without any priority order. The researcher specially focused only on the benefits mainly relate to customer retentions in terms of guests recommendation or referrals and willing to return.

Referrals

Loyalty can be equated with the mother of all profitability engines. If loyal customers are happy customers, then it is likely they are unpaid ambassadors for a company, spreading the word on how wonderful it is to do business with the company. That saves the company real money in reduced customer acquisition costs. Customers also value their relationships with their branded possessions and with marketing agents and institutions that own and manage the brand and as such announce the value of the brand to family, friends, social groups and work colleagues (Aaker, 1996).

Enhanced Return

Loyal customers are inclined to buy more types and more volume of products and services from their preferred brand, thereby generating an enhanced return over the life of the relationship. Financial benefits are actually experienced through customer spend over their lifetime.(Aaker, 1996).

Retain rather than Seek

Brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions. This inelasticity results in lower costs for advertising, marketing and distribution. It is easier to reinforce behaviors than to change them and the sale is just the beginning of an opportunity to turn the purchaser into a loyalist. It costs four to six times as much to attract a new customer as it does to retain an old one. (Giddens, 2010).

Increase Usage and Spending

Perceived quality has been shown to positively affect customer usage. Consumers tend to select brands they perceive to be quality brands. This also connects to repeat buying or brand loyalty. Consumers tend to continue buying brands that reward them with a good experience versus repeating the evaluation process time after time (Aaker, 1996). For example, a customer who repeatedly stays at the same hotel becomes more familiar with the hotel's full product line, such as gift shops and banquet rooms. And that customer likely to sample other product lines of the company, thus helping the company achieve a larger share of customers.

Financial Benefits

The advantages of customer loyalty are long-term and cumulative. The longer a customer remains loyal, the more profit a business can get from that single customer. The results of research conducted by Giddens reveal that positive financial benefits can be attained through customer loyalty (Giddens, 2010).

Higher Sales Volume

The average company loses half of its customers every five years, equating to a 13% annual loss of customers. This statistic illustrates the challenges companies face when trying to grow in competitive environments. Achieving even 1% annual growth requires increasing sales to customers, both existing and new, by 14%. Reducing customer loss can dramatically improve business growth and brand loyalty which leads to consistent and even greater sales since the same brand is purchased repeatedly (Giddens, 2010).

Strategy for reducing ongoing Expense

Loyalty can be a strategy for reducing ongoing expense. A company that is retaining customers is one that can, in theory, reduce its investment in customer replacement. By closing the known hole in the bottom of the bucket through which customers leak out, the company can improve profitability substantially. There is an increase in the number of companies concentrating their efforts on customer retention. Attributes to the increase in retention strategies are to the following reasons: there is increasing intensity in competition; Customers are becoming more promiscuous; the cost of customer acquisition is higher than customer retention; and it makes business sense to focus on existing customers. (Giddens, 2010).

Lower Price Elasticity

Customer loyalty can be associated with lower price elasticity and willingness on behalf of the customer to pay more for the privilege of doing business. Higher margins, almost always drop to the bottom line. Brands with a high level of brand loyal customers experience lower price

elasticity as customers accept the price they pay for the brand name and brand association. Some studies indicate that price reductions have actually had a negative result in sales due to the disapproval of brand loyalists (Aaker, 1996).

2.1.4. Brand Loyalty Programs in Hospitality Industry

Loyalty programs are marketing endeavors that help to build loyalty between the company and its profitable customers (Evanschitzky et al., 2012; Yi and Jeon, 2003), as well as increase customers' repurchase behavior through achieving customer satisfaction and providing added values (Bolton et al., 2000). They have been strategically managed and promoted as a priority by many companies (Dick and Basu, 1994), largely because it is believed that loyalty programs serve as the foundation for sustainable competitive advantages (Dick and Basu, 1994; Lee et al., 2014) and can influence both company financial performance and customer behavior (Srinivasan et al., 2002). Especially in today's business world where technology advances permeate one's daily life and consumers are becoming increasingly harder to reach and engage, it is of utmost importance for companies to develop loyal customers through winning consumer preferences to maintain sustainable competitive advantages in globalized competition (Petruzzellis et al., 2011; Duygun, 2015; Lo et al., 2017). After American Airlines launched the first contemporary loyalty program in 1981, loyalty programs started to appear in the hospitality industry (Liu, 2007). Shoemaker and Lewis (2004) named customer loyalty as the future of hospitality marketing and described a true loyalty program as one that creates emotional brand attachment rather than the frequency program which is to merely generate repeat business. Nowadays, the majority of hotel chains use loyalty programs to manage customer relationships (Tanford et al., 2010). For example, in 2015, the IHG Rewards Club of Intercontinental Hotels Group is the largest hotel loyalty program in the world with 92 million members; Marriott Rewards, combined with Starwood Preferred Guest programs, has about 75 million members worldwide; Hilton Worldwide's Hilton Honors program was one of the largest programs regarding the percentage of room nights booked by their members, at 52 per cent; while Marriott and Starwood's programs reported at 50 per cent and Hyatt Hotel Corp.'s program at 36 per cent (Peltier, 2016). Therefore, with hotel customers holding multiple memberships, hotel programs enter into fierce competition for their share of business (Xiong et al., 2014).

2.1.5. The Effect of Brand Loyalty Programs on Guests Retention

Even though it has been widely recognized that advantages of loyalty program include improved perceived value (Liu, 2007) and increased customer commitment (Liu, 2007; Sharp and Sharp, 1997), the effects of loyalty program on firm performance has remained inconclusive (Bolton et al., 2000; Lewis, 2004; Liu, 2007; Nie, 2000; Verhoef, 2003).

On the one hand, building customer loyalty was found to affect the company's long-term profitability to successfully change customer behavior and to stimulate more purchases than do other marketing tools (Lewis, 2004). Particularly, loyalty programs with economic incentives exhibited a positive influence on customer retention (Verhoef, 2003). In addition, Liu (2007) showed that loyalty programs influenced consumers purchase behavior under certain initial purchase level and personal habit.

On the other hand, several studies subscribed to the notion that the use of loyalty programs might not create profitability in the long run. Because of the lack of effective measurement, Bolton et al. (2000) pointed out that loyalty program operations were unprofitable even when statistical analyses showed that the program increased revenue. They also challenged that as loyalty programs increased relationship durations and usage levels, it was likely that consumers would be more exposed to a full spectrum of service experiences, which included unpleasant experiences that lead customers to switch to other service firms. In a similar vein, pinpointed that although loyalty programs could enhance customers' repurchase behavior to a certain degree and in certain situations, they exposed customers to failed core services, service encounters, or employee responses, which were recognized as the main reasons of customers' switching behavior. These service failures prevented customers from repurchases, generated a negative reputation that thwarted long-term relationship between the companies and their customers, (Nie, 2000), which might adversely influence the profitability of the companies. More recently, Steinhoff and Palmatier (2013) pointed out that whereas loyalty programs were used as an ever-present marketing tactic, many of them underperformed. In their research, it was found that loyalty programs had negative effects on bystander customers by creating their perception of unfairness in comparison to target customers. Similarly, the effects of loyalty program on firm performance in the hospitality industry also show controversial results. There is a lack of solid

empirical evidence for the generic operational effects of loyalty programs on hospitality properties. Supporters of loyalty programs assert that loyalty programs can induce switching costs, which would, to some extent, discourage customers from exiting the current company and patronizing its competitor (Caminal and Matutes, 1990; Tanford et al., 2010).and also provided empirical evidence that overall marketing expenses, which implicitly include loyalty program expenses, played an important role in generating a hotel's profits. Lee et al. (2014) studied the effects of hotel loyalty programs on hotel industry performance metrics of revenue, occupancy rate and operating margin by using a database of 36 hotel brands and 435 hotel properties. Their empirical findings suggested that investment in hotel loyalty programs yielded modest but positive effects on occupancy rates and profitability. However, other research results were not as optimistic. Marketers find it very challenging to create and manage profitable loyalty programs due to high costs of adding value to a customer's experience and the variability of travelers' needs and interests. Hoteliers are thus cautioned against over investing in consumers relative to their worth; the benefit needs to be balanced against the costs associated with operating the program. (Voorhees et al., 2011). Kandampully et al. (2015) suggested loyalty programs had failed in maintaining long-term customer loyalty due to severe competition in the hospitality industry. Within the hotel industry context, the efficiency of loyalty programs was tested as an extension of work showed that reward types increase customer loyalty conditionally. Keh and Lee's (2006) Similar results demonstrated that loyalty of hotel customers depended on customers' evaluation of their service experiences. In addition, hotel loyalty programs were easy to copy and yet very hard to differentiate; therefore, in most cases, they failed to enhance customer loyalty (Mattila, 2006).

Given this debates exist over whether it is beneficial for hotels to use loyalty programs, prior research include contextual factors and examine how such factors could influence the effect of loyalty programs. For instance, the type, magnitude and the timing of rewards could affect the perceived value of a reward program and its effects on customers' behaviors. (Tanford et al., 2010).

Customer loyalty programs clearly offer benefits to both customers and business. Keep in mind that not all loyalty programs are successful in guest retention. Some lead with the wrong value proposition or fail as a result of poor implementation. Understanding the pros and cons can help

to avoid mistakes and develop a program that generate business and be truly rewarding for customers.

2.2. Empirical Review

Brand Loyalty Rewards Programs become normal in the market as customers found them to be appealing. Firms utilized these programs with the expectation to obtain repeat business and rich customer data at the same time. Many companies employed loyalty programs as customer relationship marketing instruments and they have developed into key marketing activities. Accordingly, loyalty programs have increasingly earned interest and have been studied in the academic and professional marketing literature. Despite the prevalent use and attention of loyalty programs, their effectiveness in guests' retention has not been well understood (Bolton, Kannan, & Bramlett, 2000).

There were studies that showed the positive effects of loyalty programs on customers repatronage and their share of wallet (Meyer-Waarden, 2007, 2008; Verhoef, 2003), and others suggested that loyalty programs are one of the most evident and lucrative investments for customer relationship marketing (Reinartz, 2005; Reinartz & Kumar, 2002). On the other hand, Nunes and Drèze (2006) argued that loyalty programs do not necessarily foster loyalty and are not cost effective and there were studies that showed negative cash flows of loyalty programs Yamanouchi, (2005). Furthermore, previous research found mixed results of loyalty programs that they were effective for only a short period or only to a specific group/segment (Meyer-Waarden & Benavent, 2006; Lewis, 2004; Leenheer, Liu, 2007; Van Heerde, Bijmolt, & Smidts, 2007). Even the same scholar found inconsistent results (Meyer-Waarden, 2007, 2008; Meyer-Waarden & Benavent, 2006).

The divergent perspectives of loyalty programs indicate the desperate need of rigorous empirical evidence regarding the effectiveness of loyalty programs. There are limited empirical validations, thus creating opinions that the proliferation of such programs across industries has become a result of a progression of competitive reaction.

Some even argue that loyalty programs are just cheap promotional gimmicks or short term fad designed to fool customers. As a result, it has been questioned whether these loyalty rewards

programs were employed within the context of marketing strategies or merely provoked by competition (Meyer-Waarden, 2008; Uncles, Dowling, & Hammond, 2003).

The rationale of this study emerged as such contradictory evidence and the ambiguous results of loyalty programs appeared. Regardless of all the strong interest, there has been scarce empirical academic work that investigated the effects of loyalty programs on real customers' behavior. Much of the ambiguous study results or lack of empirical evidence was noted for limited data and methodologies that hinder proper assessments. Thus, although there has been progress made in recent studies, much remains to be done (Meyer-Waarden, 2008)

The following table summarizes a research outcome conducted on loyalty program by different scholars.

No.	Source	Research Done By	Research Title	Research Objective	Data Collection Method	Data Analysis Method	Outcome
1	Journal of the Academy of Marketing Science. Volume 28, No. 1, pages 95-108	Ruth N. Bolton; University of Oklahoma P.K. Kannan Matthew D. Bramlett; University of Maryland	Implications of Loyalty Program Membership and Service Experiences for Customer Retention and Value	This article evaluate the conditions under which a loyalty reward program will have a positive effect on customer behaviour and repeat purchase intention	Cross sectional & Time series data from world wide financial service	Descriptive statistics and multiple regression analysis	Loyalty program have positive relation with retention & Value
2	International journal of research in marketing 14 (1997) 473 - 486.	Byron Sharp and Anne Sharp 1997 Marketing science center university of south australia	Loyalty programs and their impact on repeat purchase loyalty patterns	This paper discusses the potential of loyalty programs to alter the normal market patterns of repeat-purchase behaviour which characterise competitive repeat-purchase markets.	Panel data were used to develop Dirichlet estimates of expected repeat-purchase loyalty statistics by brand	Dirichlet Model analysis	Mixed result
3	International Journal of Business and Social Science Vol. 6, No. 8(1); August 2015	Dr. Sima Ghaleb Magatef Dr. Elham Fakhri Tomalieh Marketing Assistant Professor	The Impact of Customer Loyalty Programs on Customer Retention	The goal of this study is to obtain a deep understanding of the impact of customer loyalty programs on customer retention.	To achieve the objective of the study, a survey was conducted to collect data from the sample.	multiple regression analysis	The findings shows significant evidence of the effect loyalty programs on building and maintaining customer retention
4	Department of Management and Cognition Sciences (EA 2043, Laboratoire Gestion & Cognition), University Toulouse, France	Meyer-Waarden (2008)	The influence of loyalty programme membership on customer purchase behavior	The purpose of this paper is to improve theoretical and empirical knowledge about the impact of retailing loyalty programmes on customer purchasing behaviour	The effects of two loyalty programmes on customer behaviour are studied through marketwide panel data on supermarket purchases	its not stated	The impact of loyalty programme membership on customer purchase behaviour is significant.

Table 2.1, Brief summary of a research outcome conducted on loyalty program by different scholars

2.3. Conceptual Framework of Brand Loyalty Program

In the conceptual framework of the Hilton hotel loyalty program, a discussion about the effects of brand loyalty program stated. This study tries to gather the dimensions of Hilton Honors loyalty program and their effects on guests' retentions and discuss as follows:-

- Dimensions of Hilton Honors loyalty program :
 - Hilton Honors members Tiers
 - Delivery of honors benefits
 - Executive lounge access
 - Problem resolution rate
- Dimensions of Guests Retention measure by two variables :
 - Recommend to others
 - Return to property

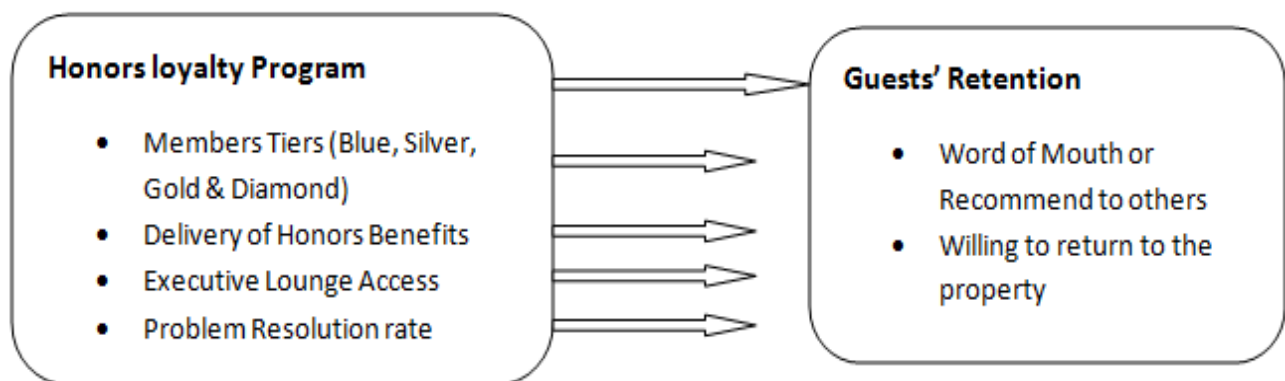


Figure 2.1 Conceptual Framework for the effects Hotel loyalty program on guests' retention

2.3.1. Loyalty program Tiers

The reward system on the basis of tiers is the standard for a loyalty program in the hospitality industry. This is supported by Magatef and Tomalieh (2015), who suggest that because the tiers are well thought out, the customer builds a feeling of status, belonging and identity in every tier, which leads to a member that is committed to the company brand. This is further confirmed by Drèze and Nunes (2006), who explain that when a loyalty program is rewarded on the basis of

tiers, the program members experience a sense of status when comparing them to the members of another tier level.

2.3.2. Delivery of Hilton Honors benefits

The member get instant benefits after enrolling to the honors program like guaranteed members discount on the room rate, complimentary in room and public areas wifi connection, honors points towards free nights, second guests free stay, complimentary early check in and late checkout based on availability, space available upgrade to premium room types and complimentary breakfast for elite members. When the member doesn't have sufficient honors points to book a room night, they can use point & money slider system to book with points and money.

2.3.3. Executives Lounge accesses

Executives lounge access is one of the many special privileges of the Hilton honors loyalty members which are Gold and Diamond members. Once the members reach to elite level, the hotel upgrade the guests upon arrival to executive floor rooms based on availability and grant an access to executive lounge so that the guests enjoy free B/fast , daily refreshment and night snack with free flow executive lounge drinks. Besides, the elite members can have a small business meeting in the executive lounge without additional cost. These special elite Hilton honors members benefits entice the other Hilton honors tiers guests to reach Gold and Diamond level & enjoy the benefits which require a frequent guests of the hotel and spent significant amount of their wallet.

2.3.4. Problem Resolution Rate

The Hilton Honors Loyalty schemes strengthen relationships between the hotel and guests by providing a platform to receive guests' feedback and resolve guests' problem and make it right; also make the guests feel more valued. This is where Hilton CRM comes in which it works hand in hand with the Honors loyalty program; with a CRM system the hotel track individual customers' transactions & service recovery history and analyze their preferences and spending habits. This knowledge make it easier to reward the guests appropriately for their loyalty and

provide effortless service during return stays. Then proper service recovery leads to customer retention and also encourages potential customers to try the products or services. Besides, the CRM generates data that can help to track return on investment and manage customer service interactions, which use to improve the hotel operations and create a smoother, more efficient way of providing quality services at the spot and also solving guest problems at real time while guest is still in hotel and facilitates follow up for future stays.

With this rational thought in mind, the following hypothesis put in place considering the research objectives.

H1: There is significance effect of Hilton Honors loyalty programs on Guests retention.

Guest retention measured by Recommendation and Return to property

H2: There is significance effect of the Hilton Honors Tiers and Guests retention.

Guest retention measured by Recommendation and Return to property

H3: There is significance effect of the rate of problem resolution on Guests' retention.

Guest retention measured by Recommendation and Return to property

H4: There is significance effect of the Delivery of honors benefits on Guests' Retention.

Guest retention measured by Recommendation and Return to property

H5: There is significance effect of accesses to executive lounge on Guests' retention.

Guest retention measured by Recommendation and Return to property

This study focused to evaluate how Addis Ababa Hilton honors loyalty program influence the overall Guests experience and its effects on guests' retention in the existing competitive hotel business environment.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Chapter Overview

The purpose of this chapter is to describe the research methodology. Therefore, it describe the research approach and design, population and sampling frame, sampling design, method of data collection & data analysis and consideration of ethical issues.

3.2. Research Approach

For this research purpose, I use deductive research approach. This is whether the research uses the deductive approach, in which to develop a theory and hypothesis (or hypotheses) and design a research strategy to test the hypothesis, or the inductive approach, in which it collect data and develop theory as a result of the data analysis.

The deduction approach owes much to what we think of as scientific research. It involves the development of a theory that is subjected to a rigorous test.

Robson (2002) lists five sequential stages through which deductive research approach progress:

1. Deducing a hypothesis (a testable proposition about the relationship between two or more concepts or variables) from the theory;
2. Expressing the hypothesis in operational terms (that is, indicating exactly how the concepts or variables are to be measured), which propose a relationship between two specific concepts or variables;
3. Testing operational hypothesis
4. Examining the specific outcome of the inquiry (it either tend to confirm the theory or indicate the need for its modification);
5. If necessary, modifying the theory in the light of the findings. An attempt is then made to verify the revised theory by going back to the first step and repeating the whole cycle.

To achieve the objective of the study, this study utilizes a quantitative study approach, and use the hotel automatic and random Satisfaction and Loyalty Tracking Survey (SALT) tool and Survey-based secondary data for this study purpose.

3.3. Research Design

The research design is the general plan of how go about answering the research question(s). The way we choose to answer research question influenced by research philosophy and approach. The research questions subsequently inform the choice of research strategy, choices of collection techniques and analysis procedures, and the time horizon over which to undertake the research project. It contain clear objectives, derived from research question(s), specify the sources from which to intend to collect data, and consider the constraints that inevitably have (for example, access to data, time, location and money) as well as discussing ethical issues. Mark Saunders ,Philip Lewis, Adrian Thornhill, (2007)

Your research design will be the general plan of how you will go about answering your research question(s) (the importance of clearly defining the research question cannot be overemphasised). It will contain clear objectives, derived from your research question(s), specify the sources from which you intend to collect data, and consider the constraints that you will inevitably have (for example, access to data, time, location and money) as well as discussing ethical issues. Crucially, it should reflect the fact that you have thought carefully about why you are employing your particular research design. It would be perfectly legitimate for your assessor to ask you why you chose to conduct your research in a particular organisation, why you chose the particular department, why you chose to talk to one group of staff rather than another. You must have valid reasons for all your research design decisions. The justification should always be based on your research question(s) and objectives as well as being consistent with your research philosophy. At this point we should make a clear distinction between design and tactics. The former is concerned with the overall plan for your research; the latter is about the finer detail of data collection and analysis. Decisions about tactics will involve your being clear about the different quantitative and qualitative data collection techniques (for example, questionnaires, interviews, focus groups, published data) and subsequent quantitative

The main purpose of this study is to assess the effects and effectiveness of the loyalty program of AA Hilton on guests' retention. The study plan done using Explanatory research design approach. Explanatory studies establish causal relationships between variables. The emphasis here is on studying a situation in order to explain the relationships between variables and go ahead and subject the data to statistical tests such as correlation in order to get a clearer view of the relationship.

This study examine the relationships between the Hilton honor loyalty program dimensions and guests' retention which is measured by Recommendation and Return to property and try to provide answers to the research questions.

3.3.1. Research Strategy

A total of 499 Hilton honors guests' of all tiers responses through SALT for six months from January 1st 2019 to June 30th 2019 considered for this study purpose. The research follows a quantitative research approach and analyzed the SALT or the hotel survey based secondary data using regression analysis.

At initial research proposal stage, it was planned to use a mixed approach and a qualitative design considered to triangulate the data collected from quantitative design, however due to current Covid-19 situation unable to get an honor guests personal first hand responses until this research paper completed.

3.3.2. Research Method

Data Collection Procedure

The researcher used the hotel automatic and random satisfaction and loyalty tracking (SALT) survey data as a survey base secondary data source for this study purpose. The survey was originally sent automatically & randomly by Medalia system to the hotel guests after checkout without hotel involvement. Guests have an ultimate right either to respond or not to the survey which sent directly to their email address. The Medalia system compiles guests' responses and converts in to meaningful measurable figures which the hotel uses as a lag measure of hotel

performances. And also analyzes literatures related to the issues in order to support the result obtained through the SALT surveys.

The Survey-based secondary data which refers to a data collected using a survey strategy, usually by questionnaires that have already been analyzed for original purpose. It's made available as compiled data tables or, as a downloadable matrix of raw data for secondary analysis.

The Survey-based secondary data can be collected through one of three distinct subtypes of survey strategy: censuses, continuous/regular surveys or ad hoc surveys. The survey based secondary data collected for this research purpose, collected through continuous or regular automatic and randomly sent survey.

Methods of Data Analysis

The quantitative data compiled from Survey-based secondary data and analyzed using quantitative method. The Survey-based secondary data gathered through automatic and random Satisfaction and Loyalty Tracking Survey (SALT) tool and analyzed using Statistical Package for Social Sciences (SPSS) Version 23. The data first coded and then keyed into the statistical program. Then, the data screened and treated for errors and missing values. The data analyzed and the final report generates. The selection technique to analyze the results of this study is based on the research objectives. The correlation analysis used to identify the association between the Hilton loyalty program and guests' retention which is measured in terms of recommendation or word of mouth and willing to return to property. Regression analysis is used to determine the effects of the independent variable on dependents variables in terms of the magnitude.

The data gathered from SALT questioner survey quantified and present in tabulation. In addition, analyses document and literature related to the specific objective and research questions to draw conclusion and put forward some recommendations.

3.3.3. Time Horizon

An important question to be asked in planning research is whether the research to be a snapshot taken at a particular time or a representation of an events over a given period. Off course, the

answer should be depends on the research question. The ‘snapshot’ time horizon is what we call cross-sectional while an event over a given period call longitudinal.

This case study to be conduct on the Hilton honors loyalty program effects on guests’ retention at a particular time due to time constraint and a cross-sectional study utilized.

3.4. Population and Sampling Frame

The Hilton Honor loyalty program is Hilton worldwide program and almost 100 million members worldwide. But, This research confined to Addis Ababa Hilton and the populations consist of individual’s Hilton honors member guests who stay at the hotel and experience the hotel services replied for automatic and random satisfaction and Loyalty tracking survey.

The research is uses a secondary data of guests’ responses for automatic and random Satisfaction and Loyalty tracking survey from January 1st 2019 to June 30 2019. A total of 499 guests under the four Hilton honors tiers (Blue, Silver, Gold and Diamond) respond to automatic survey during six months and out of the total 499 guest’s responses, 471 guests’ complete the survey properly and the remaining 28 responses excluded.

Due to the nature of research strategy and primarily utilize a secondary data which incorporate all guests survey responses in the research or Census survey for cross-sectional period Jan 2019 to June 2019 , no need to devise a sampling design for the secondary data. So the sampling frame for this study which incorporates a complete list of all secondary compiled guests’ survey responses used in the study.

Honors Tiers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Blue	274	58.2	58.2	58.2
	Silver	96	20.4	20.4	78.6
	Gold	55	11.7	11.7	90.2
	Diamond	46	9.8	9.8	100.0
	Total	471	100.0	100.0	

Table 3.1 Number of Hilton Honors guests for each Tier respond to SALT survey

Out of the total 499 guest's response within six months, a total of 471 guests' complete the survey properly and the remaining 28 responses are not considered in this study.

The guests' responses for each variables on a different scale interpreted as follows.

Variables	Guest survey Responses	Values of Responses
Recommendation	1 & 2 3,4 &5 6,7 & 8 9 & 10	Definitely not Recommend Not Recommend Recommend Definitely Recommend
Return to property	1 & 2 3,4 &5 6,7 & 8 9 & 10	Definitely not Return Not Return Return Definitely Return
Delivery of Honors Benefits	1 & 2 3,4 &5 6,7 & 8 9 & 10	Extremely Dissatisfied Dissatisfied Satisfied Extremely Satisfied
Executive lounge access	1 & 2 3,4 &5 6,7 & 8 9 & 10	Extremely Dissatisfied Dissatisfied Satisfied Extremely Satisfied
Problem resolution	0 1 2 3	Not meet Expectation Meet Expectation Exceed Expectation No Problem Encountered
Honors Tiers	0 1 2 3	Blue Silver Gold Diamond

Table 3.2 Guests survey responses for each variable and its value measurements

3.5. Research Ethics

Based on its application, Research ethics relating to rights of human subjects in field work, notably the right to informed consent; right to privacy and confidentiality; and right not to be deceived or harmed as a result of participation in the research should be emphasized (Bryman, 2007).

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

Under this chapter, it's discussed the analysis and interpretation of results after examining the effect of Hilton Honors loyalty program on guest's retention in the case of Hilton Addis Ababa by considering the dimensions of Hilton honors loyalty program and Guests retention which is measured by recommendation and return to property. Therefore, for this study purpose, it utilized a brief descriptive statistics to present the data in tabular form and an in-depth regression analysis & present the regression output using IBM SPSS statistics version 23 follow by the interpretation of the regression output.

4.1. Descriptive Analysis

A total of 471 usable data were obtained and used for this study purpose which only presented on tabular form so that it only give an idea or perception on guests responses under all variables under study.

Descriptive Statistics

The Descriptive statistics consists of frequency, Range, Max & Min values, percentage, cumulative percentages, and comparison of mean and standard deviation.

	N	Range	Minimum	Maximum	Mean	Std. Deviation
Recommendation	471	9	1	10	4.83	2.683
Return to Property	471	9	1	10	7.53	2.647
Honors Tiers	471	3	0	3	.73	1.009
Problem Resolution	471	3	0	3	2.11	1.223
Delivery of Honors Benefits	471	9	1	10	6.20	2.648
Executive Lounge Access	471	9	1	10	5.49	2.775
Valid N (listwise)	471					

Table 4.1 Descriptive Statistics

Frequency Table

The frequency table shows the frequencies, percentile & cumulative percentile for guest responses for the dimensions of independent as well as dependent variables under study.

		Frequency	Percent %	Valid Percent %	Cumulative Percent %
Valid	Definitely not Recommend(1)	44	9.3	9.3	9.3
	Definitely not Recommend(2)	71	15.1	15.1	24.4
	Not Recommend(3)	77	16.3	16.3	40.8
	Not Recommend(4)	46	9.8	9.8	50.5
	Not Recommend(5)	38	8.1	8.1	58.6
	Recommend(6)	63	13.4	13.4	72.0
	Recommend(7)	29	6.2	6.2	78.1
	Recommend(8)	49	10.4	10.4	88.5
	Definitely Recommend(9)	30	6.4	6.4	94.9
	Definitely Recommend(10)	24	5.1	5.1	100.0
	Total	471	100.0	100.0	

Table 4.2. Recommendation Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Definitely not return (1)	24	5.1	5.1	5.1
	Definitely not Return (2)	10	2.1	2.1	7.2
	Not Return (3)	22	4.7	4.7	11.9
	Not Return (4)	14	3.0	3.0	14.9
	Not Return (5)	30	6.4	6.4	21.2
	Return (6)	32	6.8	6.8	28.0
	Return (7)	41	8.7	8.7	36.7
	Return (8)	70	14.9	14.9	51.6
	Definitely Return (9)	88	18.7	18.7	70.3
	Definitely Return (10)	140	29.7	29.7	100.0
	Total	471	100.0	100.0	

Table 4.3 Return to Property Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Blue (0)	274	58.2	58.2	58.2
	Silver (1)	96	20.4	20.4	78.6
	Gold (2)	55	11.7	11.7	90.2
	Diamond (3)	46	9.8	9.8	100.0
	Total	471	100.0	100.0	

Table 4.4 Honors Tiers Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below (0)	88	18.7	18.7	18.7
	Meet (1)	65	13.8	13.8	32.5
	Exceed (2)	27	5.7	5.7	38.2
	No Problem Encounter (3)	291	61.8	61.8	100.0
	Total	471	100.0	100.0	

Table 4.5 Problem Resolution Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Dissatisfied (1)	27	5.7	5.7	5.7
	Extremely Dissatisfied (2)	29	6.2	6.2	11.9
	Dissatisfied (3)	36	7.6	7.6	19.5
	Dissatisfied (4)	18	3.8	3.8	23.4
	Dissatisfied (5)	79	16.8	16.8	40.1
	Satisfied (6)	58	12.3	12.3	52.4
	Satisfied (7)	44	9.3	9.3	61.8
	Satisfied (8)	78	16.6	16.6	78.3
	Extremely Satisfied (9)	41	8.7	8.7	87.0
	Extremely Satisfied (10)	61	13.0	13.0	100.0
	Total	471	100.0	100.0	

Table 4.6 Delivery of Honors Benefits Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely Dissatisfied (1)	41	8.7	8.7	8.7
	Extremely Dissatisfied (2)	49	10.4	10.4	19.1
	Dissatisfied (3)	42	8.9	8.9	28.0
	Dissatisfied (4)	39	8.3	8.3	36.3
	Dissatisfied (5)	71	15.1	15.1	51.4
	Satisfied (6)	57	12.1	12.1	63.5
	Satisfied (7)	40	8.5	8.5	72.0
	Satisfied (8)	50	10.6	10.6	82.6
	Extremely Satisfied (9)	32	6.8	6.8	89.4
	Extremely Satisfied (10)	50	10.6	10.6	100.0
	Total	471	100.0	100.0	

Table 4.7 Executive Lounge Access Frequency

4.2. Correlation Analysis

Correlation analysis shows the degree of association between independent and dependent variables and indicates the direction in which the variables associate positively or negatively (Saunders, Lewis, & Thornhill, 2009).

The value of correlation ranges from - 1 to 1 and the strength of association can be categorized from very low with correlation coefficient (r) less than 0.2 to very high with correlation coefficient greater than 0.9.

Correlations							
		Recommendation	Return to Property	Honors Tiers	Problem Resolution	Delivery of Honors Benefits	Executive Lounge Access
Recommendation	Pearson Correlation	1	.333**	.728**	.180**	.566**	.568**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	471	471	471	471	471	471
Return to Property	Pearson Correlation	.333**	1	.192**	.464**	.623**	.475**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	471	471	471	471	471	471
Honors Tiers	Pearson Correlation	.728**	.192**	1	.106**	.391**	.532**
	Sig. (2-tailed)	.000	.000		.021	.000	.000
	N	471	471	471	471	471	471
Problem Resolution	Pearson Correlation	.180**	.464**	.106**	1	.323**	.255**
	Sig. (2-tailed)	.000	.000	.021		.000	.000
	N	471	471	471	471	471	471
Delivery of Honors Benefits	Pearson Correlation	.566**	.623**	.391**	.323**	1	.488**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	471	471	471	471	471	471
Executive Lounge Access	Pearson Correlation	.568**	.475**	.532**	.255**	.488**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	471	471	471	471	471	471

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.8 Correlation between independent and dependent variables

In this correlation analysis, it is relevant to note first the relationship that exists between the dependent variable and independent variables. If the correlation coefficient between dependent variables and Independent variables greater than + or - 0.3, then the correlation is relatively strong. Besides, If the correlation coefficient between independent variables greater than + or - 0.7, then it's an indication that there is a possibility multicollinearity between independents variables.

All the independent variables which are Honors Tiers, Delivery of Honors Benefits & provision of Executive lounge access have strong correlation with the first dependent variable Recommendation except Problem Resolution which has very low correlation coefficient and has relatively low correlation, and. At the same time, the independent variables which are Delivery of Honors Benefits, provision of Executive lounge access and problem resolution of team members have strong correlation with Return to Property except the Honors Tiers which has very low correlation coefficient and has relatively low correlation.

Both the level and direction of their association allows for other higher level analyses in the research. As a rule of thumb, a strong correlation between dependent and independent variables is recommended.

In table 4.1 Honors Tiers and Recommendation are highly and positively correlated ($r=0.728$, $P < 0.05$) whereas, Problem Resolution and Recommendation has low positively correlation ($r=0.18$, $P < 0.05$). On the other hand, Honors Tiers and Return to Property have very low positive correlation ($r=0.192$ & $P < 0.05$) whereas, Delivery of Honors program benefits and Return to property are highly and positively correlated ($r=0.623$, $P<0.05$). Once strong associations between dependent and independent variables are confirmed from the correlation analysis, further regression analysis can be conducted to make inferences out of their relationship.

4.3. Regression Assumptions

Before conducting a regression analysis, the basic assumptions concerning the original data must be made. This is a mandatory prerequisite in explaining the relationships between dependent and independent variables.

In this study the following assumptions were checked and explained as follows separately for the two dependent variables Recommendation & Return to property using the same independents variables.

4.3.1. Linearity

The relationship between the dependent variable in this test the Recommendation & Return to Property and the independent variables Honors Tiers, problem resolution, Delivery of Honors Benefits & Executive Lounge access need to be linear to apply linear regression analysis (Darlington, 1968).

To test the linearity of variables associations, the scatter plot diagram with line of fit can be used to see if the distribution can be represented by linear relationship.

On the scatter plot diagram most of the points cluster in the center and if its shows a rectangular pattern or distribution indicates linearity assumption.

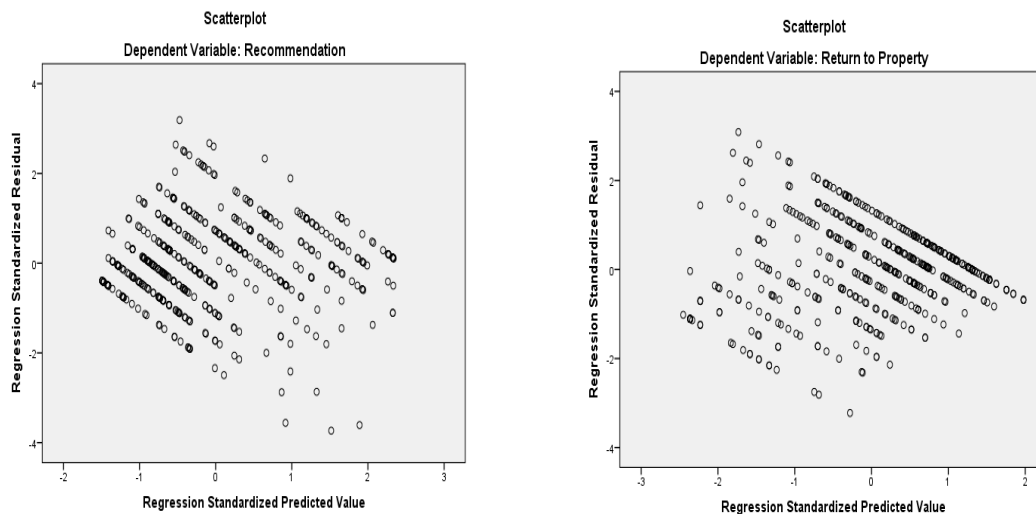


Fig 4.1 Linearity test with Scatter plot graph

4.3.2. Outliers

The reason for detecting outliers is to check the individual case outliers whether it's has undue or oversight influence on the result as well as on the overall model. If the percentage of the individual cases outliers versus the total cases not more than 2% then it may not have a significant influence on the regression model otherwise remove the individual data cases from the data. Outliers can also detect using scatter plot. For instance, in this research, any points plot located less than -3 or greater +3 on regression standardized residual are outliers.

Taking in to consideration the below Case wise Diagnostics table, there are 4 outliers for Recommendation dependent variable. Meaning, the model not predicted the values of the specific individual cases 80, 140, 411 & 418 properly. In the same way, the second Case wise Diagnostics table, there are 2 outliers for Return to property dependent variable. Meaning, the model not predicted the values of the specific individual cases of 358 & 417 properly.

Considering identified insignificant number of available individual cases outliers, it does not have a significant influence on the regression model.

Casewise Diagnostics ^a				
Case Number	Std. Residual	Recommendation	Predicted Value	Residual
80	-3.559	1	6.79	-5.790
140	3.187	9	3.81	5.185
411	-3.608	3	8.87	-5.869
418	-3.733	2	8.07	-6.073
a. Dependent Variable: Recommendation				

Casewise Diagnostics ^a				
Case Number	Std. Residual	Return to Property	Predicted Value	Residual
358	-3.223	1	7.00	-6.000
417	3.086	10	4.25	5.745
a. Dependent Variable: Return to Property				

Table 4.9. Outliers Case wise Diagnostics table

4.3.3. Normality

This assumption can be tested by looking at the P-P plot for the model together with histogram of the standardized residuals. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.

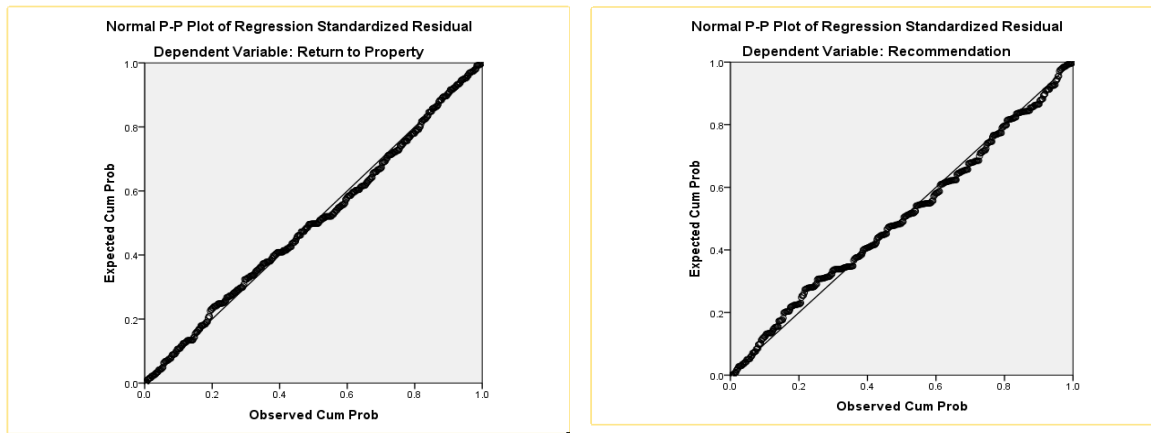


Fig 4.2 Normality test with P-P Plot of Regression Standardized Residuals

On the P-P plots also shows the dots are reasonably closer to the normal line on both cases. If there is no major deviation between the P-P plot and the normal diagonal line, it's a good Fit of P-P plot.

Besides, the following histogram shows the normal distribution.

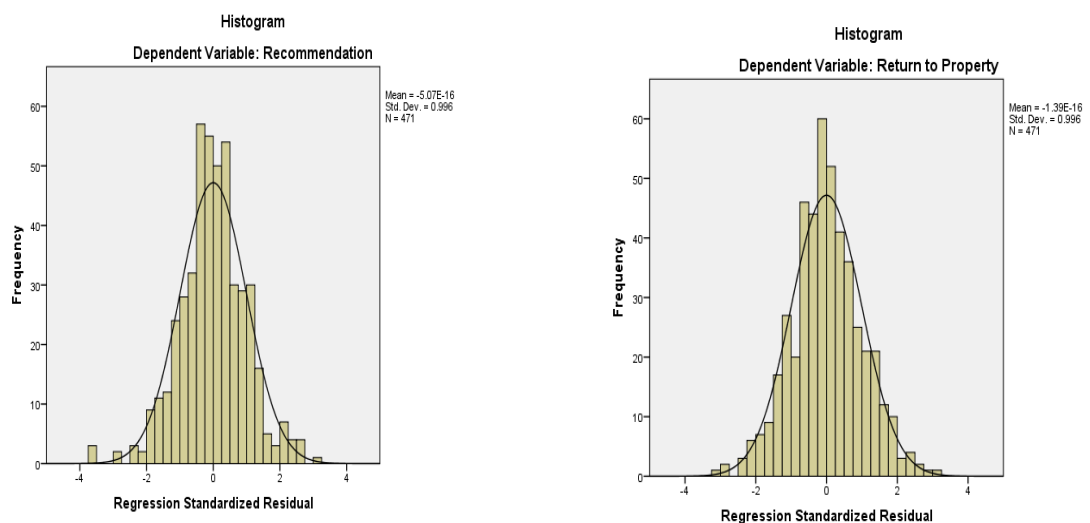


Fig 4.3 Histogram shows the normal distribution

The combination of both inspections support that the residuals are normally distributed.

4.3.4. Multicollinearity

Strong relationship between explanatory variables is a problem of multicollinearity and not acceptable for regression analyses.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	1.252	.220		5.691	.000	.820	1.684					
Honors Tiers	1.438	.090	.541	16.062	.000	1.262	1.614	.728	.597	.449	.690	1.450
Problem Resolution	-.013	.066	-.006	-.205	.837	-.142	.115	.180	-.010	-.006	.877	1.140
Delivery of Honors Benefits	.291	.034	.288	8.559	.000	.224	.358	.566	.369	.239	.693	1.443
Executive Lounge Access	.136	.035	.141	3.944	.000	.068	.204	.568	.180	.110	.612	1.635

a. Dependent Variable: Recommendation

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	2.342	.252		9.306	.000	1.848	2.837					
Honors Tiers	-.419	.102	-.160	-4.095	.000	-.621	-.218	.192	-.186	-.133	.690	1.450
Problem Resolution	.565	.075	.261	7.537	.000	.418	.712	.464	.330	.244	.877	1.140
Delivery of Honors Benefits	.473	.039	.473	12.142	.000	.396	.549	.623	.490	.394	.693	1.443
Executive Lounge Access	.250	.040	.262	6.327	.000	.173	.328	.475	.281	.205	.612	1.635

a. Dependent Variable: Return to Property

Table 4.10. Multi Collinearirty Test with Tolerance & VIF

Tolerance

Tolerances indicate how much the variability's of Independent or Predictable variables are not explained by other Independent variables in the Model. Tolerance value runs from 0 to 1 and

values closer to 1 indicates no multicollinearity problem. If the tolerance values less than 0.1 then there is a problem of multicollinearity. On the above both Coefficients tables, the values found under Tolerance column all are greater than 0.1 and the values closer to 1 which indicates multicollinearity is not a problem in these test.

Moreover, Variance-inflation factor (VIF) in regression analysis helps to detect the collinearity problem.

Variance-inflation factor (VIF)

Is an inverse of Tolerance and if its value greater than 10 then, there is a concern for multicollinearity. The values found on both cases are less than 10 which supports that multicollinearity is not a problem.

Both tests confirm that the variability's of Independent or Predictable variables are not explained by other Independent variables in this Model.

4.3.5. Autocorrelation

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently (Stevens, 2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the DW value needs to be close to 2. Values below 1 and above 3 are problematic and causes for concern. Taking the below Model summary outputs, The Durbin-Watson values are 1.805 & 1.806 which both closer the value of 2 which indicates have no concern for autocorrelations for both cases.

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.797 ^a	.635	.632	1.627	1.805
a. Predictors: (Constant), Executive Lounge Access, Problem Resolution, Delivery of Honors Benefits, Honors Tiers					
b. Dependent Variable: Recommendation					

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.714 ^a	.510	.505	1.862	1.806
a. Predictors: (Constant), Executive Lounge Access, Problem Resolution, Delivery of Honors Benefits, Honors Tiers					
b. Dependent Variable: Return to Property					

Table 4.11. Autocorrelation test with Durbin-Watson

Besides, The Model Summary also help to evaluate how effective and accurate the model do the prediction or estimation.

R^2 tell us how much accurate or effective the variance in the independent variable perceive stress which is the outcome explain by the model. In short explains stress level.

The $R^2 = 0.635$, meaning, using the stated independents variables for Recommendation dependent variable, the model explains 63.5% of the outcome variance. The remaining 36.5% of the outcome variance explained by others variables which are not included in this research.

The same way, The $R^2 = 0.510$, meaning, using the stated independents variables for Return to property dependent variable, the model explains 51% of the outcome variance. The remaining 49% of the outcome variance explained by others variables which are not included in this research

So, we can generalize the model is effective & relatively accurate in determining the prediction.

In order to evaluate how the model makes statistical significant prediction of the outcome, we use ANOVA table.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2149.558	4	537.389	203.017	.000 ^b
	Residual	1233.512	466	2.647		
	Total	3383.070	470			

a. Dependent Variable: Recommendation

b. Predictors: (Constant), Executive Lounge Access, Problem Resolution, Delivery of Honors Benefits, Honors Tiers

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1678.493	4	419.623	121.094	.000 ^b
	Residual	1614.811	466	3.465		
	Total	3293.304	470			

a. Dependent Variable: Return to Property

b. Predictors: (Constant), Executive Lounge Access, Problem Resolution, Delivery of Honors Benefits, Honors Tiers

Table 4.12. ANOVA Table

If P Value < 0.05, the model makes a statistical significant prediction of the outcome; the more we have statistically significant value of P, the higher R² value and the less STD Error of the estimates. For the above two ANOVA outputs, the P values are less than 0.05 which indicates the model makes statistical significant prediction of the outcome.

4.4. Results and Discussion

Our research question for the multiple linear regressions is:

Can we explain the effect of outcome variable guests' retention which is measured by return to property & recommendation, given independent variables Hilton Honors Tier, problem resolution, delivery of honors benefits, access to executive lounge?

How its Determine the model fits

The first table of interest is the model summary (Table 4.6). This table provides the R, R², adjusted R², and the standard error of the estimate & Durbin-Watson, which can be used to determine how well a regression model fits the data:

The "R" column represents the value of R, the multiple correlation coefficients. R can be considered to be one measure of the quality of the prediction of the dependent variable; in this case, recommendation of the hotel and return to property which have a value of 0.797 and 0.714 respectively indicates a good level of prediction. The "R Square" column represents the R² value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables.

You can see from our value of 0.635 and 0.510 that our independent variables explain 63.5 % and 51% of the variability of our dependent variable, recommendation of the hotel and return to property. And 36.5% (100% - 63.5%) and 49% (100% - 51%) of the variation are caused by factors other than the predictors included in this model. At first glance, R-squared seems like an easy to understand statistic that indicates how well a regression model fits a data set. However, it doesn't tell us the entire story. To get the full picture, one must consider R² value in combination with residual plots, other statistics, and in-depth knowledge of the subject area.

According to Frost (2017) caution about R² is: small R squared values are not always a problem, and high R squared values are not necessarily good. For instance, for an outcome variable like human behavior which is very hard to predict, a high value of R-squared is almost impossible. And, this does not mean any predicted model to such case is always useless. A good model can

have a low R² value. On the other hand, a biased model can have a high R² value! A variety of other circumstances can artificially inflate R².

To accurately report the data interpretation of "Adjusted R Square" is another important factor. A value of 0.632 and 0.505 indicates true 63.2% and 50.5% of variation in the outcome variables are explained by the predictors which are to keep in the model. High discrepancy between the values of R-squared and Adjusted R-Square indicates a poor fit of the model. Any addition of useless variable to a model causes a decrease in adjusted R-Square. But, for any useful variable added, adjusted R-Square increase. Adjusted R² always be less than or equal to R². Adjusted R² therefore, adjusts for the number of terms in a model. As R² always increases and never decreases, it can appear to be a better fit with the more terms added to the model and the adjusted R² penalizes one from being completely misleading.

Stephanie (2018), cautions about how to differentiate between R² and adjusted R². R² Shows how well data points fit a regression line assuming every single variable explains the variation in the dependent variable which is not true. Whereas, adjusted R² tells how well the data points fit a regression line showing the percentage of variation explained only by the independent variables that actually affect the dependent variable.

The standard error (Table 4.7 Anova Table) 1.627 and 1.862 for respective model fit is a measure of the precision of the model. It is the standard deviation of the residuals. It shows how wrong one could be if it used the regression model to make predictions or to estimate the dependent variable or variable of interest. As R² increases the standard error decrease. On average, our estimates with this model be wrong by 1.627 and 1.862 respectively which is not an ignorable amount. And hence, the standard error is wished to be as small as possible. The standard error is used to get a confidence interval for the predicted values.

Statistical Significance of the model

The F-ratio in the ANOVA (Table 4.7) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the two dependent variables, $F(4, 466) = 203.017$, $p(0.00) < .05$ and $F(4, 466) = 121.094$, $p(0.00) < .05$ (i.e., the regression model is a good fit of the data).

Statistical Significance of the independent variables

Statistical significance of each of the independent variables tests whether the unstandardized (or standardized) coefficients are equal to 0 (zero) in the population (i.e. for each of the coefficients, $H_0: \beta = 0$ versus $H_a: \beta \neq 0$ is conducted). If $p < .05$, the coefficients are statistically significantly different to 0 (zero). The usefulness of these tests of significance is to investigate if each explanatory variable needs to be in the model, given that the others are already there.

Given that, the t-value and corresponding p-value are in the "t" and "Sig." columns (Table 4.5), the tests tell us that Honors Tier $p(.00) < 0.05$, Delivery of Honors Benefits $p(.00) < 0.05$ and Executive lounge access $p(.00) < 0.05$ are significant, but Problem Resolution is not significant $P(.837) > 0.05$. This means that the explanatory variable problem resolution is no more useful in the model, when the other three variables Honors Tier, Delivery of Honors Benefits and Executive lounge access in the model have substantial contribution to explain Recommendation. Whereas Problem resolution is no more adds a substantial contribution to explain Recommendation.

Likewise, the tests tell us that Honors Tier $p(.00...) < 0.05$, Problem Resolution $p(.00...) < 0.05$, Delivery of Honors Benefits $p(.00...) < 0.05$ and Executive lounge access $p(.00...) < 0.05$ are significant. In other words, all explanatory variables with Honors Tier, Problem Resolution, Delivery of Honors Benefits and Executive lounge access have substantial contribution to explain Return to property.

Like the standard error of model fit discussed above, the standard error of the coefficients in regression output are also wished to be as small as possible. It reflect wrong constant value, 1.252 is the predicted value for the dependent variable Recommendation of the hotel, if all independent variables, Honors Tiers = 0, Problem resolution = 0, Delivery of Honors Benefits = 0 and Executive lounge access = 0. That is, we would expect 1.252 when all predictor variables take the value 0. Likewise, Constant value 2.342 is the predicted value for the dependent variable Return to the hotel, if all independent variables; Honors Tiers = 0, Problem resolution = 0, Delivery of Honors Benefits = 0 and Executive lounge access = 0. That is, we would expect 2.342 when all predictor variables take the value 0.

For this reason, this is only a meaningful interpretation if it is reasonable that the predictors can take the value 0 in practice. Besides, Karen (2018) reveals that the data set should include values for all predictors that were near 0. Therefore, if both of these conditions are not true, the constant term (the y-intercept) in the regression line really has no meaningful interpretation.

Hypothesis Testing

H1: There is significance effect of Hilton Honors loyalty programs on Guests retention.

Loyalty program Dimensions on Guest retention measured by Recommendation. ACCEPT
Loyalty program Dimensions on Guests retention measured by Return to property. ACCEPT

H2: There is significance effect of the Hilton Honors Tiers on Guests retention.
Guest retention measured by Recommendation ACCEPT

Guests retention measured by Return to property. ACCEPT

H3: There is significance effect of the rate of problem resolution on Guests' retention.
Guest retention measured by Recommendation REJECT

Guests retention measured by Return to property. ACCEPT

H4: There is significance effect of the Delivery of honors benefits on Guests' Retention.
Guest retention measured by Recommendation ACCEPT

Guests retention measured by Return to property. ACCEPT

H5: There is significance effect of accesses to executive lounge on Guests' retention.
Guest retention measured by Recommendation ACCEPT

Guests retention measured by Return to property. ACCEPT

Estimated Model Coefficients

The general form of the equation to predict Guests retention in the form of Recommendation and Return to property from Hilton loyalty program dimensions Honors Tier, Problem resolution, Delivery of Honors benefits and Executive lounge access are:

Recommendation = 1.252 + 1.438 (Honors Tier) - 0.031(Problem resolutions) + 0.291 (Delivery of Honors Benefits) + 0.136(Executive lounge access)

Return to Property = 2.342 - 0.412 (Honors Tier) + 0.565(Problem resolutions) + 0.473 (Delivery of Honors Benefits) + 0.250(Executive lounge access)

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. The regression coefficient provides the expected change in the dependent variable (here: Recommendation and Return to property) for a one-unit increase in the independent variables. Referring to the coefficients (Table 4.5) above, the unstandardized coefficient for Honors tier is 1.438.

This means for every unit/tiers increase in Honors Tier, there is 1.438 increases in recommendation. For each increase in problem resolution, causes reduction (the negative sign of the coefficient) of 0.013 in recommendation. For every unit increase in Delivery of Honors Benefits, there is 0.291 increases in recommendation and for every unit increase in Executive lounge access, there is 0.368 increases in recommendation.

Likewise, for every unit/tiers increase in Honors Tier, causes reduction (the negative sign of the coefficient) of 0.419 in Return to property. For each unit increase in problem resolution, there is 0.565 increases in Return to property. For every unit increase in Delivery of Honors Benefits, there is 0.473 increases in Return to property and for every unit increase in Executive lounge access, there is 0.250 increases in Return to property.

Accordingly, standardized coefficients are called beta weights, given in the “beta” column. The beta weight measure how much the outcome variable increases (in standard deviations) when the predictor variable is increased by one standard deviation assuming other variables in the model are held constant. These are useful measures to rank the predictor variables based on their contribution (irrespective of sign) in explaining the outcome variable.

Hence in the case of Recommendation, Honors Tier is the first contributing (0.541) predictor to explain recommendation, and the second is Delivery of Honors benefits (0.288) and Executive lounge access is third contributing (0.141) predictor to explain recommendation. Problem resolution is the lowest or insignificant contributing (-0.006) predictor to explain recommendation.

In the case of Return to property, Delivery of Honors Benefits is the first contributing (0.473) predictor to explain return to property, and Executive lounge access and Problem resolution are almost equally contributing (0.262 and 0.261) predictors to explain return to property. Honors tier is the lowest contributing (0.160) predictor to explain return to property. However, only

when the model is specified perfectly and there is no multi-collinearity among the predictors, Stephanie (2018) explains.

Zero Order Partial and Part correlation model

Zero order correlation are the bivariate correlation between the predictors and the dependent variable. Hence 0.728 is the direct effect of Honors Tier on Recommendation, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to Honors tier and Recommendation, the correlation changes to be less strong 0.597, which is partial correlation. And, for the same case, the part correlation 0.446 is the correlation between Honors Tier and Recommendation where the effect of the other three independent variables are completely excluded out.

Likewise, 0.192 is the direct effect of Honors Tier on Return to property, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to Honors tier and Return to property, the correlation changes to be less strong -0.186, which is partial correlation. And, for the same case, the part correlation -0.133 is the correlation between Honors Tier and Return to property where the effect of the other three independent variables are completely excluded out.

The second bivariate correlation between the predictor and the dependent variable is 0.180 between the direct effect of Problem resolution on Recommendation, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to problem resolution and Recommendation, the correlation changes to be less strong -0.010, which is partial correlation. And, for the same case, the part correlation -0.006 is the correlation between Problem resolution and Recommendation where the effect of the other three independent variables are completely excluded out.

Likewise, 0.464 is the direct effect of problem resolution on Return to property, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to

problem resolution and Return to property, the correlation changes to be less strong 0.330, which is partial correlation. And, for the same case, the part correlation 0.244 is the correlation between problem resolution and Return to property where the effect of the other three independent variables are completely excluded out.

The third bivariate correlation between the predictor and the dependent variable is 0.566 between the direct effect of Delivery of Honors Benefits on Recommendation, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to Delivery of Honors Benefits and Recommendation, the correlation changes to be less strong - 0.369, which is partial correlation. And, for the same case, the part correlation 0.239 is the correlation between Delivery of Honors Benefits and Recommendation where the effect of the other three independent variables are completely excluded out.

Likewise, 0.623 is the direct effect of Delivery of Honors Benefits on Return to property, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to Delivery of Honors Benefits and Return to property, the correlation changes to be less strong 0.490, which is partial correlation. And, for the same case, the part correlation 0.394 is the correlation between Delivery of Honors Benefits and Return to property where the effect of the other three independent variables are completely excluded out.

The fourth and final bivariate correlation between the predictor and the dependent variable is 0.568 which is between the direct effect of Executive lounge access on Recommendation, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent variable. But, when the effect of the other three independent variables are accounted but kept constant to Executive lounge access and Recommendation, the correlation changes to be less strong 0.180, which is partial correlation. And, for the same case, the part correlation 0.110 is the correlation between Executive lounge access and Recommendation where the effect of the other three independent variables are completely excluded out.

Likewise, 0.475 is the direct effect of Executive lounge access on Return to property, this ignores the effect of other three predictor variables that may/may-not be influencing the dependent

variable. But, when the effect of the other three independent variables are accounted but kept constant to Executive lounge access and Return to property, the correlation changes to be less strong 0.281, which is partial correlation. And, for the same case, the part correlation 0.205 is the correlation between Executive lounge access and Return to property where the effect of the other three independent variables are completely excluded out.

From the causal perspective, for example taking in to consideration of the dependent variable Recommendation in regression coefficient output, if we change Honors Tier, we change the other variables, too. Now, when we model the total effects from honors tiers on recommendation of the hotel, we have to account for the direct effect which appears to be strong and the indirect effect of Honors Tier influencing the other variables which in turn influence recommendation. When we combine the strong direct impact with the indirect effects, we end up with an overall relatively weaker impact.

Because part correlations are the correlations that presume the effect of the other predictors have been excluded out, these are helpful to identify if the multiple regression used was beneficial. I.e. to estimate gain in predictive ability of the model, meaning how much gain had been there in the predictive ability due to the combination of the predictors in the model. In this example, part coefficients of determination (SPSS does not produce this) are $(0.449)^2$, $(-0.006)^2$, $(0.239)^2$ and $(0.110)^2$ respectively for the predictors Honors Tier, Problem Resolution, Delivery of Honors Benefits and Executive lounge access. These unique contributions of the predictors when added up, approximates $0.202 + 0.000036 + 0.0571 + 0.0121 = 0.271...$ 27.1% of the variation in the outcome variable. And this percentage of variance in the response variable is different from the R-squared value (63.5 %) in the model. Meaning that $(63.5 - 27.1 = 36.4)$ 36.4% overlapping predictive work was done by the predictors.

Whereas taking in to consideration of the dependent variable “return to property” regression coefficient output, the part coefficients of determination (SPSS does not produce this) are $(0.394)^2$, $(-0.133)^2$, $(0.244)^2$ and $(0.205)^2$ respectively for the predictors Delivery of honors benefits, Honors Tier, Problem Resolution and Executive lounge access respectively. These unique contributions of the predictors when added up, approximates $0.155 + 0.0176 + 0.059 + 0.042 = 0.273...$ 27.3% of the variation in the outcome variable. And this percentage of variance in the response variable is different from the R-squared value (51.0 %) in the model. Meaning

that $(51.0 - 27.3 = 23.7)$ 23.7% overlapping predictive work was done by the predictors. These is not that bad. This proves the combination of the variables had been quite good.

The information in the (Table 4.5) above also allows us to check for multicollinearity. A common rule of thumb: for any predictor $VIF > 10$ should be examined for possible multicollinearity problem (Dhakal, 2016). In the multiple linear regression models, VIF should be < 10 (or Tolerance > 0.1) for all variables, which they are.

CHAPTER FIVE

SUMMARY OF FINDINGS AND CONCLUSION

Putting the above all together we can write up the results as follows.

5.1. Summary of Findings

A multiple regression was run to predict guest retention measured by recommendation of the hotel and return to property from Hilton Honors loyalty program attributes which the variables under study are Honors Tier, Problem resolution, Delivery Honors benefits and Executive lounge access.

The model statistically and significantly predicted Recommendation of the hotel $F(4, 466) = 203.017$, $P(.00) < .05$, $R^2 = 0.635$. Out of the four predictors variables, only three variables Honors Tier $P(.00) < 0.05$, Delivery of Honors Benefits $P(.00) < 0.05$ and Executive lounge access $P(.00) < 0.05$ are statically significant to the prediction. Problem resolution is the lowest or insignificant (-0.006) predictor to explain recommendation.

Problem Resolution is not significant $P(.837) > 0.05$, has therefore no substantial contribution in explaining recommendation, when the other three significant predictors are already in the model. At this point, the questions can be raise, if the study is replicated with only the three significant predictors excluding problem resolution to predict the effect on recommendation.

The highest contributing predictor is Honors tier (0.541) and, the next is Delivery of Honors Benefits (0.288) & Executive lounge access (0.141) to explain Recommendation. Multicollinearity problem does not exist in the model as VIF for all variables is < 10 (or Tolerance > 0.1). And, 36.4% overlapping predictive work was done by the independent variables to predict the effect on recommendation.

Beta	Recommendation	rank the predictor
Honors Tier	0.541	1st
Delivery of Honors Benefits	0.288	2nd
Executive Lounge access	0.141	3rd
Problem Resolution	-0.006	4th
Beta	Return to Property	rank the predictor
Delivery of Honors Benefits	0.473	1st
Executive Lounge access	0.262	2nd
Problem Resolution	0.261	3rd
Honors Tier	-0.16	4th

Table 5.1. Rank of predictor variables based on their contribution taking in to consideration of standardized coefficient Beta value

Likewise, the model statistically and significantly predicted return to the property $F(4, 466) = 121.094$, $P(.00) < .05$, $R^2 = 0.510$. All predictor variables Honors Tier $P(.00) < 0.05$, Problem Resolution $P(.00) < 0.05$, Delivery of Honors Benefits $P(.00) < 0.05$ and Executive lounge access $P(.00) < 0.05$ are statistically significant to predict return to property. In other words, all explanatory variables with Honors Tier, Problem Resolution, Delivery of Honors Benefits and Executive lounge access have substantial contribution to explain Return to property.

The highest contributing predictor is Delivery of Honors Benefits (0.473) and, and the next highest predictors are Executive lounge access and Delivery of Honors Benefits (0.262) & 0.261 respectively. Honors Tier (- 0.160) is the last contributor in predicting Return to property. Multicollinearity problem does not exist in the model as VIF for all variables is < 10 (or Tolerance > 0.1). And similarly, 27.3% overlapping predictive work was done by the independent variables to predict the effect on return to property. This proves the combination of the variables had been quite good.

For every unit/tiers increase on Honors Tier from blue to diamond, there is 1.438 increases in recommendation whereas cause a 0.419 reduction on return to property. For each increase in problem resolution rate, causes a 0.013 reduction in recommendation and a 0.565 increases on return to property. For every unit increase in Delivery of Honors Benefits satisfaction, there is 0.291 increases in recommendation and 0.473 increases on Return to property. For every unit

increase in Executive lounge access satisfaction, there is 0.368 increases in recommendation and 0.473 increases on return to property.

5.2. Conclusion

The study adds handful knowledge in the area of hospitality industry as well as hotel operational performance in general and especially in area of variables understudy. The results of Pearson's Correlation analysis revealed significant positive relationship between the hotel loyalty program independent variables i.e. the hotel Loyalty program Honors tier, Problem resolution of the hotel team members, Executive lounge access privilege and Delivery of Honors benefits and dependent variable i.e. Guests retention measure by frequency of return to the property and recommendation of the hotel. This direct effect relationship is also supported by other literatures (Ruth N.Bolton and P.K.KannanMatthew D.Bramlett, 2000; Meyer-Waarden, 2008; Dr. Sima Ghaleb Magatef and Dr. Elham Fakhri Tomalieh, 2015)

The study may have implications for the hotel owners and business professionals' working in area of hospitality. Study revealed that guests' retention is predicted by Hilton honors loyalty program taking in to consideration attributes under study of the Hilton honors loyalty program. This suggests that the importance of the loyalty program in driving the hotel operational benefits through retention of the hotel guests.

5.3. Limitations and Recommendation

As the study employed the hotel satisfaction and loyalty tracking survey secondary data based on the responses of the respondents on the variables understudy, it may cause response bias as well as it may not fully incorporate the hotel performance measures or variables in determining the required output. The study does not consider other factors influencing loyalty and guests' retention such as consumer characteristics and corporate image. Future studies may use other performance measures or variables to avoid the issue of biasness. The respondents of the study were the guests of the hotel who reported about the selective variables understudy. They may show their personal grievances towards a specific hotel. It is therefore suggested to replicate the study by taking hotel managers and team members as the population of the study. The study

employed quantitative design to undertake the investigation in the hotel in the areas of concern; its results may hardly be generalized to any other business setting. At initial research proposal stage, a qualitative design considered to triangulate the data collected from quantitative design, however due to current Covid-19 situation unable to get an honor guests personal first hand responses until this research paper completed.

The study relies on cross-sectional data to study guest retention. Longitudinal research is required to examine customer's long-term loyalty towards the hotel. Future researchers can test these interaction effects and study its impact on development of behavioral and attitudinal loyalty.

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Appendix

Appendix 1: A sample of Hilton SALT survey or Satisfaction and Loyalty tracking survey used for the study.

John Daniel

No Subscribers  8/10 

Hilton Stay ID	2039919978
Confirmation Number	0521458145
Hilton Honors Number	109949601
Hilton Honors Tier	Diamond
Phone	919843370702
Email	john.daniel@nriester.com
Address	04, MAYFLOWER SAKTHI GARDEN, NANJUNDAPURAM ROAD, COIMBATORE, 641036
Survey Language	English (UK)

Property	Hilton Adle Akaba - ADDHI
Inn Code	ADDHI
Check-In Date	1/28/19
Check-Out Date	2/5/19
Feedback Date	2/11/19
Check-In Type	Front Desk
Room Number	1111
SRP Code	COR15

Comments

Hilton Honors Benefits
Invitation to access the 'Club Lounge' on the 12th floor is appreciated. Nice and quiet place to unwind after days' work

Survey Scores

KEY METRICS	EXTREMELY DISSATISFIED	EXTREMELY SATISFIED
Overall Experience		
Overall Service		
Overall Accommodations		
Overall Arrival		
Overall Departure		
RETURN AND RECOMMEND	DEFINITELY WOULD NOT	DEFINITELY WOULD
Return to Property		
Return to Brand		
Recommend		
VALUE	POOR	EXCELLENT
Value for Price Paid		
HONORS	EXTREMELY DISSATISFIED	EXTREMELY SATISFIED
Delivery of Benefits (Gold/Diamond)		
Please rate your agreement with the following statement: During this sta...		
ARRIVAL	EXTREMELY DISSATISFIED	EXTREMELY SATISFIED
Appearance of Lobby		
Efficiency of Arrival Process		
HOTEL STAFF	EXTREMELY DISSATISFIED	EXTREMELY SATISFIED
Helpfulness of Hotel Staff		
GUEST ROOM/SUITE	EXTREMELY DISSATISFIED	EXTREMELY SATISFIED

Cleanliness of Guest Room/Suite	8 9 10
INTERNET	EXTREMELY DISSATISFIED EXTREMELY SATISFIED
Quality of Connection	8 9 10
BREAKFAST	EXTREMELY DISSATISFIED EXTREMELY SATISFIED
Breakfast: Satisfaction	8 9 10
Breakfast: Helpfulness of Staff	9 10
Breakfast: Quality of Items	7 8 9 10
OTHER FOOD & BEVERAGE	EXTREMELY DISSATISFIED EXTREMELY SATISFIED
Bar	8 9 10
LOUNGE	EXTREMELY DISSATISFIED EXTREMELY SATISFIED
Executive Lounge: Satisfaction	8 9 10
CULTURE	STRONGLY DISAGREE STRONGLY AGREE
Brand Personality	8 9 10

Problems

INCIDENCE

Problem Incidence

Yes

No

Segments

STAY DETAILS

Purpose of Stay:	Business: Individual/Solo
Selection Reason:	Past Experience with Hotel

DIGITAL

Internet Tier:	Complimentary
----------------	---------------

SERVICE PROMISE

Make It Right Awareness

Yes

No

ADDITIONAL INFORMATION

Please rate your agreement with the following statement:

1

2

3

4

5

6

7

8

9

10