EFFECT OF PERCEIVED QUALITY OF SERVICE ON CUSTOMER LOYALTY: A CASE OF PEARL CONTINENTAL HOTEL SERVICES

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ABSTRACT

The research study was put forward with the objective of describing the relationship between perceived quality of service and customer loyalty in Pearl-Continental Hotel services by evaluating the response of Pakistani customers. Total 150 customers participated and an adapted questionnaire was distributed to customer of PC hotel Peshawar, Lahore and Karachi chain. Customers were asked to evaluate the Perceived quality of service (responsiveness, reliability, empathy, assurance, and tangibility) and their Loyalty (endorse willingness, purchase intentions, cognitive exclusiveness, and identification) towards the PC hotel services. Empirical results supported our alternative hypothesis that there exists a significant relationship between perceived quality of service and customer loyalty. It was concluded that in today's competitive environment and diverse era of civilization quality of service is very critical strategy which shapes the customers perception regarding the services and they take firm decisions in future purchases. So the reliability, assurance, empathy, responsiveness and tangible dimensions of perceived quality of service construct should to be well focused in strategizing the service quality of hotel industry to foster the retention and sustained satisfaction of the customers.

Keywords: Perceived quality of service, Customer loyalty, Hoteling services, Customer Retention.

INTRODUCTION

Marketing has been renowned as an independent area of management from the beginning of the twentieth century. Marketing is regarded as an institutional process of creating value (utility) for customers and erect strong customer interactions for capturing value (profit) in return from customers. The relationship marketing is more devoted towards service industry because of the nature of services as service are produced, delivered and consumed by customers with their involvement in this whole scenario. Hotel industry among the service industries is the most common and important industry all around the globe (Rehman et al., 2013). Services quality is thought to be very crucial when defining hoteling industry's success and is treated as a captivating strategy for retaining customers (Naseem et al., 2011). Perceived quality of service is the customers own perception about service derivation on different factors contributing to the service, from the process to the final outcome. Researchers suggest that perceived quality of service is perceived in a multi-dimensional way,

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Dimensions comprising perceived quality of service are reliability, courtesy and competence of the personnel, tangibility, responsiveness, accuracy and speed of service, room qualities, empathy, physical quality, and assurance (Parasuraman et al., 1985). These RATER dimensions provide input into managing the service marketing mix for the service and setting of service standards (Parasuraman et al., 2005; Zeithaml et al., 2006). Retention of customer in the hotel industry is reflected by delivering best quality service. Every organization works on creating value to their products/services to retain their customers and repeat visits (Rehman et al., 2013). Service quality maintains the customers and retaining them efficiently and this automatically turn their customers from satisfaction towards the loyalty. Customer loyalty construct is dimensionalised into recommendation intentions and repurchase intentions (Hennig et al., 2002; Bowen & Shoemaker, 1998), endorsement willingness (Javalgi & Moberg, 1997), cognitive exclusiveness (Ostrowski et al., 1993), repurchase intentions (Zeithaml et al., 1996), and Identification (Butcher et al., 2001). Research on hoteling services has shown repeatedly that perceived quality of service influences organizational outcome such as performance superiority (Chowdhary & Prakash, 2007), escalating sales profit and share of market, improving customer interactions, augment organization image generates, and promotes customer's loyalty (Jones et al., 2000; Malik et al., 2012). Pakistan hoteling industry has been explored by researchers (Shahzad, 2013; Abbasi et al., 2010;

Naseem et al., 2011; Ehsan & Naeem, 2011; Malik et al., 2012) and their research finding has explained the pivotal importance of perceived quality of service constructs in developing the industry success. Pearl-Continental Hotels and Resorts is the foremost Pakistani chain hotel that has achieved outstanding international standards of quality in services and products. The hoteling services have been explored by researchers regarding their services (Abbasi et al., 2010; Raza et al., 2012; Malik et al., 2012; Naseem et al., 2011; Ehsan & Naeem, 2011). Ehsan & Naeem, (2011) examined the Customer Based Brand Equity of PC hoteling service and found that Perceived quality of service construct has significant contribution in fostering the Brand equity of the hotel and has optimistic effect on hotel's Brand Image and brand awareness. Malik et al., (2012) research concluded that hotel customers are willing to continue consumption because of the hotel reputable brand image based on superior service quality. The study of Abbasi et al., (2010) explored that quality and featured service play a conclusive part in customer satisfaction. According to Naseem et al., (2011) PC service quality influences the satisfaction of hotel clients and their revisit intentions. The research study of Shahzad, (2013) concluded that delivering superior service quality contributes in positioning better perception of services in the mind of hotel customer. Raza et al., (2012) found PC hotel Service quality is positively contributing in Satisfying customers and suggested that service quality and customer retention relationship should be explored in PC hoteling industry.

1.1 Problem statement:
Customer purchase is driven by the product/service based on quality (Saleh & Ryan, 1992; Nitecki & hernon, 2000; Parasuraman et al., 1988; Fick & Ritchie, 1991). Researchers elaborated association between customer purchase decision process and satisfactory factors of quality in product/service (Wilkins et al., 2007). Different researchers emphasized that in hoteling industry retention with customer depends on

quality factors (Kim et al., 2007; Akbaba, 2006; Shahzad, 2013). Coming from sky of theory to ground of practicality Pearl continental being only hotel having seven establishments in localities of Pakistan, we patched the cognitive exclusiveness dimension of loyalty with its other mentioned dimensions to evaluate customers' response regarding their demand for other alternative choice. Demands and expectations of Customers persistently transform according to the market trends which concerns the hotel managers to identify these expectations timely and progress their quality of service offerings consequently (Chen, 2008). So we examined the customers' response regarding their philosophy of change in trends and either the three P's operatinalization of PC hotel is continuously updated according to customized set of preferences or not. In regards to dimensionality of perceived quality of service this research study intentionally examined the individual influential role of RATER dimensions on the basis of customers' evaluations in relation to effective perception of PC hotel customers' loyalty levels.

1.2 Objectives of the Study:
• To examine the effect of perceived quality of service on customer loyalty specifically in Pakistan PC hotel services.
• To examine which dimension is perceived of having high quality in relation to customer loyalty in PC hotel services.

LITERATURE REVIEW

Marketers of the Service organizations have experienced for past few years that differentiating their services through quality can well manage the fierce competition in the market because superior quality services boost the pace of processes like solving clients problems, treating clients complaints, customers request handling and delivery process of services (Zeithaml & bitner, 2003). To customers services means customer pleasure, customer's satisfaction, excellent service delivery, customer affiliation. In taking into account levels of performance while setting objectives of hotels service quality, service organizations require to consider the necessary role of perceived quality of service dimensions specifically tangibles, empathy, assurance, responsiveness, and reliability (Wilkins et al., 2007).

Quality of Service being considerable life of hotel is regarded as core of service management (Chen, 2008). Customers directly interact with the service of hotel business for that reason customer loyalty can be an imitation of quality of service in hoteling context (Naseem et al., 2011). There exists a crucial relationship between expanding service quality and performance amendment of hotel business (Narangajavana & Hu, 2008). Customer is regarded as the foremost person who defines the concerned Quality (Zeithaml et al., 1996). In service marketing literature perceived quality of service is conceptualized as multidimensional construct and different researcher have presented various dimensions over time. These comprise (Gronros, 2000) three quality dimensions as functional quality, technical quality, and reputational quality; (Brady and Cronin., 2001) five dimensions level of customer satisfaction, staff/customer interaction, physical support of the service producing system, internal organization and corporate image, two dimensions as psychological and physical access, and ability and willingness to serve; (Garvin, 1989) nine dimensions: features,

performance, durability, reliability, conformance, service, response, aesthetics and reputation; (Oliver, 1999) functional quality, technical quality and environment; and (Parasuraman et al., 1988) five dimensions conceptualization : assurance, responsiveness, reliability, empathy, and tangibility. Reliability is regarded as consistency in performance of the service that breeds dependability, from the period of first performing the service correctly and the continuity in the ability of the firm in keeping its promises (Parasuraman et al., 2005). According to (Zeithaml & Bitner, 2003) reliability is referred to the ability of organizations in perform the services accurate and dependable manner as promised to the customers. Assurance is the employee understanding ability of security of in time delivery to inspire trust and confidence of customers, and their ability to protective dealing with the customers (Parasuraman et al., 2005; Zeithaml et al., 2006). Assurance dimension of perceived quality of service heavily relies on the ability of staff to implant trust and establish confidence of customer with the services. This dimension is heavily based upon the staff's knowledge and their ability to continue well-mannered communication. Tangibles are the appearances related to material facilities and the personal. The equipment or tools used to make available the services and communication substances. Tangible is basically using every material to give tangibility to service of the organization (Parasuraman et al., 2005; Zeithaml et al., 2006). Tangible relies on the presentation of attractive environment where the service is delivered and that visually appeal to customers. Empathy dimension is the quality of the staff's caring attitude for the customer and providing them with individualized attention and have the customer's best interest at heart (Parasuraman et al., 2005). According to (Zeithaml & Bitner, 2003) it means providing the customers with customized services by treating them as individuals. The probability of revisiting the organization and doing business again with the service provider is very high, if the customers are made felt that they got quality attention and treated individually there. Empathy dimension is establishment of the staff's ability to express care and authentic concerns for the customer. Responsiveness is the readiness on the behalf of the service provider (staff) to assist the clients and provide service punctually (Parasuraman et al., 2005; Zeithaml et al., 2006). This is also a very important dimension, because every customer feels more valued if they get the best possible quality in the service. This categorization is loaded on the organization's ability to behave responsively to customers' needs, while emphasizing on the willingness to react rapidly. Negative perceptions are generated when customers are kept waiting especially when having no obvious reason.

Research studies have reported Service quality as having perceptible relationship with cost (Crosby et al., 1990), profitability, and Customer satisfaction (Boulding et al., 1993; Boltan & Drew, 1991), customer retention (Reichheld, 1994), and customer loyalty (Malik et al., 2012). Quality is in fact the most prominent factor in purchase decision that influences the buying decisions of customers. Also, some of the strategic benefits of quality offerings are improvement in production processes, declining manufacturing costs, and contribution to market share as well as return on investments. Fandos & Flavian, (2006) found that perceived quality of service has a strong positive relationship with customer loyalty, and a negative effect on propensity to switch. Superior perceived quality of service leads to higher productivity and strong customer loyalty (Edvardsson, 2005). Boulding et al., (1993) found a conclusive relationship between customer loyalty and perceived quality of service. Leisen & Prosser, (2004)

found that higher perceived quality of service generates bonded Customer loyalty. Perceived quality of service plays an important role in building customer loyalty and has a direct impact on customer loyalty (Chao, 2008).

In service marketing domain researches have been performed which have placed considerable importance on loyalty of customers. Customer loyalty has been defined as the committed preference of a customer to rebuy a favored service or product again and again in future by this means recommending the service provider to others and considering the service provider as the only choice when intended to purchase in future (Oliver, 1999; Chaudhuri, 1997; Ganesh et al., 2000; Jamal & Anastasiadou, 2009; Stank et al., 1999, 2003; Kim et al., 2007). Loyal customers are thought of having an advanced position of repurchase intentions and suggestions (Hennig et al., 2002; Bowen and Shoemaker., 1998; Kim et al., 2007; Singh & Sirdeshmukh, 2000; Stank et al., 1999, 2003; Yu & Dean, 2001). Oliver (1999) was of the opinion that loyalty of customer is a continuous purchase behavior in the direction of a service/product without mattering how exhausted situations or promotion activities he faces that have ability to drag him away. Customer loyalty can be established in various ways that can be advocacy for certain organizations, augmentation in the purchases frequency, and continued investment in services of certain suppliers (Birgelen et al., 1997; Hallowell, 1996; Rowley, 2005; Zeithaml, 2000). Customer loyalty construct is dimensionalised into recommendation intentions and repurchase intentions (Hennig et al., 2002; Bowen & Shoemaker, 1998; Kim et al., 2007; Singh & Sirdeshmukh, 2000; Stank et al., 1999, 2003; Yu & Dean, 2001), endorsement willingness (Butcher et al., 2001; Javalgi & Moberg, 1997; Zeithaml et al., 1996), cognitive exclusiveness (Dwyer et al., 1987; Ostrowski et al., 1993), repurchase intentions (Jones et al., 2000; Zeithaml et al., 1996), and Identification (Butcher et al.,2001), Switching Intentions (Bansal &Taylor, 1999; Dabholkar &Walls, 1999), Exclusive Intentions (Reynolds & Arnold, 2000; Reynolds & Beatty, 1999), Altruism (Price et al., 1995), Willingness to pay more (Anderson, 1996; deRuyter et al., 1998), complaining behavior, and price sensitivity (Leisen and Prosser., 2004). Endorsement willingness has been defined as readiness of Consumer in advocating the service source to other potential consumers (Javalgi & Moberg, 1997; Butcher et al., 2001; Zeithaml et al., 1996). Cognitive exclusiveness has been defined as the extent to which the customer considers the service source to be the only choice whenever purchasing the particular service (Dwyer et al., 1987; Ostrowski et al., 1993). Repurchase intention has been defines as customer's plan to keep up connection with the specific service provider and acquires next service from the same service source (Jones et al., 2000; Zeithaml et al., 1996). Identification has been defined as the sense of possession and affiliation over the service source (Butcher et al., 2001). These dimensions have been approved as chief factors when measuring customer loyalty construct in hotel industry.

Each and every service organization progresses only for satisfying demand of the potential customers by providing value added and pleasing service quality to achieve the edge in competition (Edvardsson, 2005) and infact some organizations structure service quality department who is responsible for assembling information regarding clients and their interactions with the quality aspect of services and products (Petkova et al., 2000). Besides, customers' requirements and expectations are varying rapidly with the advent of new developments in organization offerings.

METHODOLOGY

This research study was descriptive in nature because it only elaborated the description between the construct of perceived quality of service and customer loyalty which were elaborated as in frame work.

3.1 Population:

This study considered Pakistan Pearl continental hoteling services as the population to be studied. The PC hotel has chain in Peshawar, Karachi, Rawalpindi, Bhurban, Gwadar, Lahore and Muzafarabad. The customers of these hotels were considered as the unit of analysis.

3.2 Sampling:

In this research study random sampling was used and a sample unit (Hotel Pearl Continental Peshawar, Hotel Pearl Continental Karachi, and Hotel Pearl Continental Lahore) were elected from total population. Furthermore, convenience based sampling technique was used to select unit of analysis (Customers) out of sampling unit (Hotel Pearl Continental Peshawar, Hotel Pearl Continental Karachi and Hotel Pearl Continental Lahore) and equal proportion of 50 was allocated to each sample unit. Equal proportion allocation was selected for the possible explanation of generalization. Thus, total 150 questionnaires were distributed among the sampled hotel customers for data collection.

3.3 Data Collection Tool:

The data collection tool for this research was questionnaire. The questionnaire was close ended and was segmented into two sections. Demographic section captured the age, gender, education, occupation and frequency of visit of the hotels customers. The variable section captured their response to the variables selected for this study. Endorsement willingness, cognitive exclusiveness, repurchase intention, and identification measures were adapted from (Jones and Taylor., 2005). Tangibility, reliability, assurance, empathy, and responsiveness measures were adapted from (Wilkins et al., 2007). Customer's response was analyzed against the selected variables under current research study using likert scale. The scale was five point and it ranged from strongly disagree (1), to point (5), strongly agree.

3.4 Data analysis tools:

Demographic (Descriptive statistics) was used to evaluate description of characteristics of the data included age, gender, education, and frequency of visit. Reliability assessment was conducted to access the internal consistency of the adapted questionnaire. Collinearity assessment was applied to seek out that the explanatory variables were uncorrelated. Heteroscedasticity diagnostic was carried out in Stata to alter its presence. In SPSS Simple linear Regression technique was applied to inspect the relationship between overall perceived quality of service and Customer Loyalty. Then multiple Regression analysis was applied to seek out the individual influence of each dimension of Perceived quality of service on customer loyalty. So the in depth analysis of each dimensions effect on customer loyalty was elaborated. Regression model was elaborated as:

$$\text{Customer loyalty} \; = \; \alpha + \beta 1 \text{ Perceived quality of service} + e. \quad 3.3.3.1.$$

$$\text{Customer loyalty} \; = \; \alpha + \beta 1 \text{ RELI} + \beta 2 \text{ ASSU} + \beta 3 \text{ TANG} + \beta 4 \text{ EMP} + \beta 5 \text{ RESP} + \varepsilon.$$
$$3.3.3.2$$

3.5 Theoretical framework:

The framework is elaborating the effect of perceived quality of service on customer loyalty.

3.5.1 Perceived quality of service:

Perceived quality of service means the difference of what the customer expect from the product and what actually they receive from that product, perceived quality of service is the customers own perception about service derivation on different factors contributing to the service, from the process to the final outcome (Zeithaml, 1988; Parasuraman et al., 2005; Zeithaml & bitner, 2003; Brady & Cronin, 2001).

3.5.2 Customer loyalty:

Customer loyalty means the identification of customer with service provider concerning the cognitive exclusiveness of service provider and willingly endorses the service provider to others, thereby causing repetitive set of purchasing in the future (Oliver, 1999; Chaudhuri, 1997).
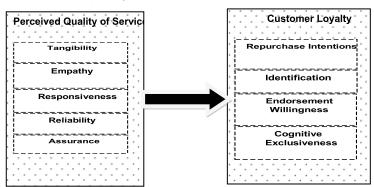

Figure 1: Theoretical Framework of the Study

3.6. Hypothesis of the Study:

Relationship between Perceived quality of service and Customer loyalty

H1: There is a significant effect of Perceived quality of service on Customer loyalty in PC hoteling services.

The Perceived quality of service construct is operationalized into sub hypothesis as under;

H2: There is a significant effect of Reliability on Customer loyalty in PC hoteling services.

H3: There is a significant effect of Assurance on Customer loyalty in PC hoteling services.

H4: There is a significant effect of Tangibility on Customer loyalty in PC hoteling services.

H5: There is a significant effect of Empathy on Customer loyalty in PC hoteling services.

H6: There is a significant effect of Responsiveness on Customer loyalty in PC hoteling services.

RESULTS AND DISCUSSIONS

The chapter demonstrated the descriptive statistics of the demographic aspect of the respondents with respect to their age, gender, education, occupation, and experience with the Pearl continental hotel services. Cronbach`s alpha being one of the most popular indicators for reliability analysis demonstrated the internal consistency of the modified scale to capture participants response. Regression analysis is depicting the estimation of the average value of the dependent variable Customer loyalty on the basis of the fixed values of the explanatory variable Perceived quality of service and its dimensions on significant basis of the estimation.

Table 4.1 Demographics of the Respondents

FACTOR	DEMONSTRATION	FREQUENCY	PERCENT
Gender	Male	99	66.0
	Female	51	34.0
	Total	**150**	**100**
Age	20 or Below	9	6.0
	21-25	15	10.0
	26-30	21	14.0
	31-35	26	17.3
	36-40	32	21.3
	41 or Above	47	31.3
	Total	**150**	**100**
Occupation	Employed	41	27.3
	Self-employed	69	46.0
	Student	12	8.0
	Other	28	18.7
	Total	**150**	**100**
Education	Bachelors	56	37.3
	Masters	47	31.3
	MS/ M.Phill	33	22.0
	PHD	14	9.3
	Total	**150**	**100**
Experience	1 year	9	6.0
	2 years	19	12.7
	3 Years	13	8.7
	4 Years	22	14.7
	5 Years	31	20.7
	More than 5 years	56	37.3
	Total	**150**	**100**

4.1 Demographic Statistics:

Table 4.1 is demonstrating that 66% males and 34% females participated in this research study. Customers aged 41years or above (31%) were conscious about quality service according to their perceptions and project their loyalty intentions towards the hotel services, followed by customers aged 36-40 years (21%) and 31-35 years (17%). This phenomenon described that customers with this age specification had more interaction

with the hotel services because of their business or other leisure purposes. Self-employed customers (46%) were more visiting the hotel for their business or leisure purposes because of their independent status followed by employed customers (27%). Customers having more loyalty with the PC hotel services were 37% followed by customers having 4 years' experience 20%. The demographic statistics elaborated that the customers aged 31-41 years were potential customers who were targeted to inspire their experience with the hotel quality offerings.

4.2 Reliability Assessment:

Construct	N of items	Cronbach's Alpha	Remarks
Reliability	3	.793	
Assurance	4	.813	
Tangibility	4	.761	Pallant, (2007) recommended
Empathy	3	.755	Cronbach`s alpha value if ranging
Responsiveness	3	.815	above .7 is evaluated acceptable.
Perceived Quality of Service	17	.831	
Customer Loyalty	11	.821	

4.3 Mean average score of the Independent variables:

Table 4.3.1 is portraying PC hotel 3 P's i.e. people, processes, and physical evidence execution on the basis of evaluation of customers regarding Tangibility, Reliability, Responsiveness, Assurance, and Empathy dimensions of Perceived Quality of service. The table is not portraying how the services are rendered but infact the perception of customer regarding the services of the hotel. The overall perception of customers regarding tangible showed more tilt towards agreement that the hotel physical evidence was visually appealing.

Table 4.3.1: Respondents Evaluation Regarding RATER Dimensions and their MAS

Dimension	Statement	Responses by Frequency & Percentage					MAS
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Tangibility	Tang 1	8(5.3)	19(12.7)	24(16.0)	90(60.0)	9(6.0)	3.48
	Tang 2	6(4.0)	20(13.3)	16(10.7)	90(60.0)	18(12.0)	3.62
	Tang 3	7(4.7)	23(15.3)	30(20.0)	75(50.0)	15(10.0)	3.45
	Tang 4	7(4.7)	26(17.3)	27(18.0)	73(48.7)	17(11.3)	3.44
Reliability	Reli 1	6(4.0)	23(15.3)	23(15.3)	80(53.3)	18(12.0)	3.54
	Reli 2	6(4.0)	22(14.7)	32(21.3)	73(48.7)	17(11.3)	3.48
	Reli 3	7(4.7)	15(10.0)	26(17.3)	94(62.7)	8(5.3)	3.54
Responsiveness	Resp 1	5(3.3)	28(18.7)	20(13.3)	74(49.3)	23(15.3)	3.54
	Resp 2	3(2.0)	32(21.3)	16(10.7)	84(56.0)	15(10.0)	3.50
	Resp 3	4(2.7)	20(13.3)	56(37.3)	58(38.7)	12 (8.0)	3.36
Assurance	Assu 1	7(4.7)	24(16.0)	25(16.7)	76(50.7)	18(12.0)	3.49
	Assu 2	7(4.7)	24(16.0)	35(23.3)	71(47.3)	13(8.7)	3.39
	Assu 3	6(4.0)	20(13.3)	26(17.3)	88(58.7)	10(6.7)	3.50
	Assu 4	5(3.3)	23(15.3)	17(11.3)	82(54.7)	23(15.3)	3.63
Empathy	Emp 1	38(25.3)	14(9.3)	34(22.7)	52(34.7)	12(8.0)	2.90
	Emp 2	9(6.0)	23(15.3)	52(34.7)	54(36.0)	12(8.0)	3.24
	Emp 3	8(5.3)	20(13.3)	53(35.3)	55(36.7)	14(9.3)	3.31

Reliability based response of customers showed more agreement towards the right and on time delivery of services of the hotel. The evaluation of the above fact was critical as some of the customers are strongly disagreeing, disagreeing, and even are neutral but the tilt was more towards the agreement and strongly agreement. So we concluded that processes of service rendering were reliable and according to standards of customers.

Responsiveness based perception of customer also revealed that hotel pays rapid response in solving customers as the tilt was more towards agreement by the majority of customers. Here we concluded that hotel management and staff are able to deal customers problems responsively and quickly without making customer felt unpleasant regarding their processes of customer dealing.

The perception of customer regarding assurance dimension revealed that majority of customers were depending on the services of the hotels and were delighted and agreed that the services were trustworthy to rely upon. Here we concluded the value of services is positively evaluated by majority of the customers.

Table 4.3.2: Respondents Evaluation about Customer Loyalty Dimensions & their MAS

Construct	Statement	Responses by Frequency & Percentage					MAS
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Endorse willingness	Endwill 1	10(6.7)	19(12.7)	22(14.7)	71(47.3)	28(18.7)	3.58
	Endwill 2	12(8.0)	15(10.0)	28(18.7)	57(38.0)	38(25.3)	3.62
Repurchase Intentions	Repint 1	9(6.0)	33(22.0)	14(9.3)	73(48.7)	21(14.0)	3.42
	Repint 2	7(4.7)	30(20.0)	15(10.0)	80(53.3)	18(12.0)	3.48
	Repint 3	11(7.3)	22(14.7)	55(36.7)	52(34.7)	10(6.7)	3.18
Cognitive Exclusiveness	Cogex 1	8(5.3)	40(26.7)	32(21.3)	56(37.3)	14(9.3)	3.18
	Cogex 2	13(8.7)	41(27.3)	26(17.3)	55(36.3)	15(10.0)	3.12
	Cogex 3	13(8.7)	37(24.3)	29(19.3)	55(36.7)	16(10.7)	3.16
Identification	Iden 1	13(8.7)	22(14.7)	24(16.0)	70(46.7)	21(14.0)	3.42
	Iden 2	13(8.7)	28(18.7)	29(19.3)	61(40.7)	19(12.7)	3.30
	Iden 3	14(9.3)	21(14.0)	28(18.7)	81(54.0)	6(4.0)	3.29

Endorse willingness= Endwill, Repurchase Intention = Repint, Cognitive Exclusiveness= Cogex, Identification= Iden

Table 4.3.2 is elaborating the levels of customer loyalty and customers' responses to them. In case of endorse willingness responses inclined more towards agreement but response of statement 19 was although agreed and strongly agreed but also some customers were not in the agreement to recommend service to family and friends. But bases on majority customers response it was concluded that customer were recommending the hotel to others willingly.

Customer response regarding repurchase intention dimension of loyalty was also lying in approval position where majority response of customer was in agreement that they will again consume the services of hotel in future. Although statement 22 captured the probable aspect of their revisit in future, the response was more towards neutral, agreement, and strongly disagreement according to likert scale.

Cognitive exclusiveness dimension captured very logical explanation of the loyalty construct. Here response of the customer was very critical and dispersed between strongly disagree and strongly agree rating of likert scale. A slight molding was towards agreement and neural but also it was observable customers are also disagreeing to the

fact of cognitive exclusiveness of the hotel. But because of majority customers response we concluded the customers were approving in their mind that the hotel is exclusive.

Table 4.3.3: Mean Score of Perceived quality of service based on its Dimensions

Construct	Dimension	Over All Mean	Mean of Perceived Quality of Service
Perceived Quality of Service	Reliability	3.52	**3.42**
	Assurance	3.50	
	Tangibility	3.49	
	Responsiveness	3.46	
	Empathy	3.15	

The table 4.3.3 is showing the mean score of Perceived quality of service which was derived from mean average score of each individual dimensions of the construct. Here we concluded the perceptual rating of these dimensions according to customers' responses. It was observable that reliability was rated as very important in service quality evaluation as reliability mean score was higher than other dimensions mean followed by mean score of Assurance dimension which highlighted customer perception was critically based on services that possess the element of safety and self dependency of customers. Same was concluded about tangible and responsiveness. Empathy rating was revealing if customers were dealt on standard set of rules so the customer will feel not treated individually so the perception of customers will be not evaluated remarkable.

Table 4.3.4: Mean Score of Customer Loyalty based on its dimensions

Construct	Dimension	Over All Mean	Mean of Customer Loyalty
Customer Loyalty	Endorse Willingness	3.60	**3.36**
	Repurchase Intention	3.36	
	Cognitive Exclusiveness	3.15	
	Identification	3.33	

The table 4.3.4 is glimpsing how the mean score of customer loyalty construct was obtained from the mean score of endorse willingness, repurchase intention, cognitive exclusiveness, and identification dimensions.

4.4 Simple linear Regression Analysis:

Regression analysis helps us to predict the value of explained variable on the basis of explanatory variable. Simple linear regression analysis brings us with the model that allows us to fully determine the values of explaining variable. R2 is the (sample) coefficient of determination that is the most commonly used determine of the goodness-of-fit of the regression line. R2 determines the proportional or percentage of the overall variation in exogenous variable (Y) explained by the endogenous variable in regression model.

Table 4.4.1: Summary of the Simple Linear regression model

Model	R	R Square	Adjt. R square	Std. error
1	.588	.345	.341	.552521

The table 4.4.1 is elaborating the model with respect to the relationship between perceived quality of service and customer loyalty constructs respectively. The value of R=.588 indicated a moderate degree of correlation between the constructs. The R2 =.345 is indicated that 34.5% variation in dependent variable Customer Loyalty had been explained by Dependent variable Perceived Quality of service.

4.4.2 Analysis of the variance of independent and dependent variable:

The simple linear regression model is predicting the outcome variable customer loyalty significantly well. That is evident from the value of F=78.053 and p=.000. So the formulated model was statistically significant predictor of relationship between perceived quality of service and Customer Loyalty.

Table 4.4.2: Analysis Of Variance

Model	Sum of Squares	Df	Mean square	F	Sign.
Regression	23.827	1	23.827	78.053	.000[b]
Residual	45.180	148	.305		
Total	69.007	149			

4.4.3 Coefficients of the regression model:

The table 4.4.3 is providing information in regards to the predictor variable Perceived Quality of Service. Here customer loyalty was predicted from Perceived Quality of service. It was observable that both the constant and perceived quality of service contribute significantly to the model as the values p=.001 (Constant) and p=.000 (Perceived Quality of service) which was < .05. Perceived quality of service was a significant predictor (t =8.835, p = .000) of the customer loyalty construct. The coefficient of Perceived quality of service elaborated that relationship between the endogenous and exogenous variable was directly proportional. Sign of the coefficient showed a positive relationship between the endogenous and exogenous variables.

Table 4.4.3: Coefficient values of the examined variable

Model	Unstandardized coefficients		Standardized coefficients	t
	B	Std. Error	Beta	
Constant	.775	.297	---	2.610
Perceived Quality of Service	.755	.085	.588	8.835

From table 4.3.3 B Column under Unstandardized coefficients, the regression equation was stated as:

Customer Loyalty = .775 + .755 (Perceived quality of Service)

The model can be interpreted as one percent increment in Perceived quality of service, customer loyalty will increase by .755percent on average.

4.5   Multiple Regression analysis of independent & Dependent Variables:

4.5.2 Model Summary of the Multiple Regression of the variables:

Table 4.5.2: Summary of the Multiple Regression Model

Model	R	R Square	Adjusted R Square
1	.775[a]	.600	.586

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

The value of R2 is showed that 60% of variation the independent variables Reliability, Assurance, Tangibility, Empathy, and Responsiveness had been explained in Customer loyalty.

4.5.3 Analysis of the variance of the research variables:

Table 4.5.3: Analysis of the variance

Model		Sum of Squares	Df	Mean Square	F
1	Regression	41.410	5	8.282	43.216
	Residual	27.597	144	.192	
	Total	69.007	149		

The multiple regression model is significantly elaborating the relationship between independent variables and dependent variable with reference to the F= 43.216, and P= .000 on statistical grounds.

4.5.4 Coefficient value of research variables from the regression model:

The tolerance value is defined as 1- R2k .Variance inflation factor (VIF) is just the reciprocal of a tolerance value. It tells you how "inflated" the variance of the coefficient is, compared to what it would be if the variable were uncorrelated with any other variable in the model (Belsley et al., 1980).

Table 4.5.4: Coefficient values of the independent variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.958	.262		3.657	.000	.440	1.476		
Reliability	.202	.063	.245	3.185	.002	.077	.328	.468	2.135
Assurance	-.070	.058	-.084	-1.213	.030	-.185	.044	.586	1.707
Tangibility	-.137	.056	-.155	-2.455	.015	-.247	-.027	.694	1.441
Empathy	.287	.042	.389	6.904	.000	.205	.370	.874	1.144
Responsiveness	.437	.064	.545	6.782	.000	.310	.564	.430	2.326

4.5.5 Robust regression:

To check Hetroscedasticity Breusch-Pagan / Cook-Weisberg test was run in Stata and its presence was evident in our data. So robust regression was applied and our sample size was reduced to 144;

Table 4.5.5: Robust Regression Model Summary

Number of observations	F (5, 144)	Prob > F	R-squared	Root MSE
150	45.35	0.0000	0.6001	.43777

Table 4.5.5.1: Coefficient values of the independent variables

CUSLOY	Coeff.	Robust Stdd. ERR.	t	P> |t|	Conf. Interval	
RELI	.20213	062596	3.23	0.002	.0784044	.3258556
ASSU	-.0704718	.062596	-1.14	0.036	-.1924717	.0515282
TANG	-.1370649	.0586097	-2.34	0.021	-.2529114	-.0212183
EMP	.287351	.0506425	5.67	0.000	.1872523	.3874497
RESP	.4371018	.0732205	5.97	0.000	.2923761	.5818275
CONS	.9580737	.3495561	2.74	0.007	.2671499	1.648997

RELI= Reliability,   ASSU= Assurance,   TANG= Tangibility,
EMP= Empathy,   RESP= Responsiveness.

Table 4.5.5.1 is elaborating the relationship between the independent variables and Customer loyalty. Responsiveness was the highest significant predictor of customer loyalty having positive relationship with t= 5.97, sig .000 followed by Empathy with t= 5.67, p .000 and Reliability with t=3.23 p.000. Our finding turned out that tangible and assurance variables had significant negative relationship with customer loyalty in PC hoteling services.

4.6 Hypothesis evaluation based on findings of the study:

Table 4.6: Hypothesis evaluation

Hypothesis	β value , sig.	Remarks
H_1: There is a significant effect of Perceived quality of service on Customer loyalty in PC hoteling services.	.755, Sig.000	**Accepted**
H_2: There is a significant effect of Reliability on Customer loyalty in PC hoteling services.	.202, Sig 0.002	**Accepted**
H_3: There is a significant effect of Assurance on Customer loyalty in PC hoteling services.	-.0704, Sig .036	**Accepted**
H_4: There is a significant effect of Tangibility on Customer loyalty in PC hoteling services.	-.137, Sig .021	**Accepted**
H_5: There is a significant effect of Empathy on Customer loyalty in PC hoteling services.	.287, Sig .000	**Accepted**
H_6: There is a significant effect of Responsiveness on Customer loyalty in PC hoteling services.	.437, Sig .000	**Accepted**

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary:

The purpose behind conducting the research study was for describing the conclusive relationship of the construct perceived quality of service and its dimensions with customer loyalty in hotel services specifically Pearl continental hotel. Census of the research study was the pearl continental hotel customers 50 each from sampling frame (Peshawar, Karachi, and Lahore PC hotel). With the help of simple random sampling customers were drawn out of sampling frame and adapted questionnaire was distributed to capture their response. Adaptation was implemented to mould the questionnaire according to hotel services scenario. Total 150 customers participated in the current research study. Respondents were requested to elicit their response on PC hotel services. 5 point likert scale in questionnaire captured their response. Cronbach's alpha scored .831 for Perceived quality of service and .821 for customer loyalty showed that the adapted scale was internally consistent to measure the constructs of the research.

Explanatory variable Perceived quality of service explained 34.5% ($R2 = 34.5\%$) variation in Customer loyalty. Perceived quality of service has significant positive effect on customer loyalty in Pearl continental hotel services (t = 8.835, p =.000). The multiple regression analysis revealed the parsimonious role of reliability, empathy and responsiveness in explaining the relationship between perceived quality of service and customer loyalty. From the finding it was evident that perceived quality of service was significantly affecting the customer loyalty in PC hoteling services. The tangibility and assurance dimensions were having negative effect on customer loyalty. The reason to that is customers search for change and variety affects their satisfaction and hence patronage in the hotel industry. The current research directed that procuring the quality

in service offering according to customized pattern will foster the retention of the customers, as previously mentioned customers make purchase evaluations (during and after purchase) comparing the service delivered to them with their previous experiences. This evaluation brings the customer to take firm decisions and draw perceptions regarding their purchase decisions. If these perceptions and evaluation are facilitated by concrete quality services of the organizations the customer will be psychologically bonded with the services and will retain loyal to the organization.

5.2 Conclusion:

The study emphasized two prominent construct perceived quality of service and customer loyalty that have been concluded to be most important in hoteling context. PC hotel services were examined which revealed that there was a significant relationship between perceived quality of service and customer loyalty and it was concluded that perceived quality of service was fundamental attribute for retaining the users of the hotel services that hotels must facilitate. The hotel managers were provided with two set of operations according to our findings, either they must more focus on reliability, empathy, or responsiveness dimensions and allocate their resources to more procure their perfect execution in retaining hotel customers. That will please them more and their experience will result in more reasoned loyalty for the service provider or they must come up with front line markup strategy that enhance specifically on the tangibility and assurance dimension so as to delight the customers that are bothered with their parsimonious role in their retention with the hotel so the final piece is leveraged to puzzle and game of retaining customer loyal is won competitively. The hotel managers should specifically incorporate perceived quality of service construct to strategize the hoteling services and increase user retention that will help to create, maintain, and sustain loyalty in order to sustain competitive advantage in long run. So the hotel services should focus on providing error free services according to promised time and right the first time. The staff should be well trained and able to instill the confidence of the customers in doing business with the hotel. The dealing of the staff must make customer feel special and well treated. The complaints of the customer should be rapidly resolved so the customer will feel the organization to be responsive. The physical evidence should be visually appealing and should arose their sense of aesthetics. The bottom line is that hotels must try to establish customized and quality offering so the perception of the customers are logically focused in order to keep their customers loyal and foster their retention in future dilemma.

5.3 Recommendation:

The research study emphasized the positive relationship between the research constructs. This explanation is elaborated in Pakistan PC hoteling services by sampling customer of Peshawar, Karachi, and Rawalpindi. So the study has taken its part in explaining the conclusive relationship between the constructs on Pakistan level and more explanation has been added to the existing body of literature. While these issues are beyond the scope of current dilemma, the major contribution is the explanatory perceived quality of service and customer loyalty instrument that allows better assessment of the construct for further research studies. Each of the above issues and, in fact many more are yet to be explored in hoteling context and some of them are;

- There is a need to conduct research studies that elaborates the relationship between

  other brand equity construct.
- Does perceive quality of service enhance brand equity?
- Can the perceive quality of service be the mechanism of justification to charge high price premium.
- Is there any association between perceived quality of service construct and brand image.

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