

Examining The Association Between Brand Image, Price and Customer Satisfaction: An Empirical Analysis of Hospitality Sector of Delhi Region



Management

KEYWORDS : Brand image, customer satisfaction and price.

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ABSTRACT

This study aims to find the impact of brand image and price on customer satisfaction in hotel industry of Delhi region. Three variables were being examined, brand image and price as an independent variable and customer satisfaction as dependent variable. Data was collected from two hundred customers who stayed at the hotels through questionnaires. Data was analysed in the form of reliability analysis. Multiple regression was applied to examine the impact of factors on customer satisfaction. Result revealed that two factors of hotel industry such as brand image and service price have a positive and significant impact on customer satisfaction. Study has several managerial implications.

1. Introduction

In present competitive market environment, companies are facing challenges in maintaining and enhancing the customer satisfaction. In order to attract new customers and retain the existing customers, the brand image plays a pivotal role as customers always seek for branded products or services in current competitive environment. Price of service, quality of service and the brand image of a company are the main antecedents of customer satisfaction. If customer is satisfied he or she will purchase the service repeatedly and become a loyal customer.

Now a day's hotel industry has been recognized as global industry because of its global customers from whole world. Customers use facilities of the hotel as per their will and requirement. There are various facilities offered by the hotel to its customers such as: room inclusions, meeting hall, swimming pool, golf area, restaurant, bar, nightclub or health club etc. For many people these services have become an integral component of lifestyle. Hospitality managers believe that firms can improve their profits by satisfying customers. Successful brands are innovative, competitive, focused, flexible, passionate, leadership and distinction and truly remarkable brands always focus on innovation and improvements like Samsung, Apple, Coca-Cola, McDonald etc.

1.1 Brand image

(Wheeler, 2013) defined brand as a name, term, symbol or any other features that differentiate one product from other companies' products. The successful companies engage themselves to produce high quality products and services in best competitive price to attract more customers and enhance their brand image.

1.2 Price

Price is the important component that enables the customer to take sound decisions regarding purchasing of the products and services. Price acceptance is a term that represents customer will to purchase a service or product.

1.3 Customer satisfaction

(Hill et al., 2007) defined Customer satisfaction as "a measure of how your organisation's total product

performs in relation to a set of customer requirements". It is the fundamental goal for organisations. (Cochran, 2003). Organization believes that there is no any other higher accomplishment than to please the customers.

2. Review of literature

(Kotler, 2001) stated that organisational success is the ultimate outcome of brand image and which is measured as a significant feature of current marketing strategy. (Hess and Story, 2006)

stated that reputable brand image enables the customers to distinguish their needs, differentiates the company services from others and enhances the customer performance over the brand. Image is positively associated with customer satisfaction in luxury hotel indicated that a desirable image leads to customer satisfaction, while an undesirable image may lead to dissatisfaction. (Parasuraman et al., 1991) reduced their previous ten dimension of service quality in to five dimensions which are Tangibles, Reliability, Responsiveness, Assurance and Empathy. (Buttle, 1996) stated that the SERVQUAL dimension was applied by several scholars to measure customer satisfaction in different sectors like banking, retailing, restaurants, hospitals, educations and hotels. (Herrmann, Xia, Monroe & Huber, 2007) revealed that price fairness satisfies the customer in a positive way but the perceived price fairness can be negatively affected by the customer's vulnerability. Customer satisfaction determines the willingness of a customer to pay for product & services. Higher the satisfaction level of a customer, higher will be the willingness to pay more prices (Bansal and Taylor, (1999). (Peng and Wang, 2006) stated that price is the financial cost for the customers as they have to pay certain price for buying the product and services. (Zeithaml and Bitner, 1996) stated that brand Image influence customer's perception of the goods and services offered. So image has a favourable impact on customers' buying behaviour. The hotel or brand image and customer satisfaction have a significant relationship. Satisfaction reinforces positive attitudes toward the brand and greater the likelihood of buying the same brand again whereas dissatisfaction leads to negative brand attitudes and lessens the likelihood of purchasing the same brand again.

3. Objectives of the study

1. To standardize a questionnaire for brand image, service price and customer satisfaction.
2. To examine the impact of brand image and price on customer satisfaction.
3. To open new vistas for future research.

4. Rationale of the study

In this study, we conduct an unprecedented analysis of influence of hotel image and service price on the mindset of customers. The contribution of this study is in its design, which allows for a more accurate assessment of variable effects and relationships.

Hypothesis

H₁: There is positive and significant impact of brand image and service price on customer satisfaction.

Conceptual model

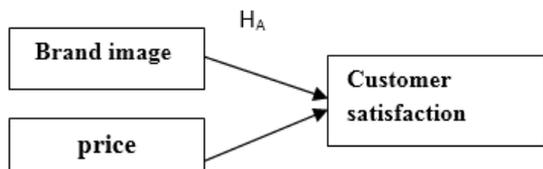


Fig. 1 shows relationship between variables

5. Research methodology

5.1 Study and Sample: The study was quantitative, in nature where survey method was used to collect the data. The population included customers of hotels of Delhi region. The data was collected from two hundred customers of two hotels i.e. Hotel Chankya Inn and red fox from Delhi.

5.2 Collection of Data: Data was collected through standardized questionnaires. The responses taken on the Likert type of 1 to 5 scales where 1 represents strongly disagree and 5 represents strongly agree.

5.3 Tools Used for data Analysis: Cronbach alpha was applied to assess reliability and multiple regression was applied for examining the impact of independent variables on dependent variable.

5.4 Measurement Instruments:

5.4.1 Hotel image: Instrument to measure hotel image was taken from the dimension of image attributes and image holistic developed by (Kandampully & Suhartanto, 2000).

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5.4.2 Service price: Four item scales was used to measure the variable from the instrument developed by Zeithaml et al (1996).

5.4.3 Customer Satisfaction: Instrument to measure customer satisfaction was taken from Bitner and Hubbert 1994. (Five items).

6. Findings of the study:

6.1 Reliability: Cronbach's alpha was computed using SPSS scale reliability programme

Table 1: Reliability analysis

Factor	Items	Cronbach's Alpha
Brand image	2	.787
Price	4	.724
Customer satisfaction	5	.713

All the values of both the variables are greater than 0.7 so it could be used in this study.

6.2 Multiple regression

Multiple Regression values for brand image and price as independent variables and customer satisfaction as dependent variable:

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					F Change	df1	df2	Sig. F Change	
1	.620 ^a	.445	.443	3.15483	.445	243.839	2	.196	.000

a. Predictors: (Constant), brand image and price
 b. Dependent Variable: customer satisfaction

Table 3: Coefficients

B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	4.126	1.289		2.027	.041
	Brand image	.225	.101	.325	2.245	.000
	price	.238	.110	.205	3.294	.000

a. Dependent Variable: customer satisfaction

The Model summary table indicates that the value for brand image and price explained 44.3% variance in the customer satisfaction as indicated by adjusted r² value of 0.443.

$$Y = a + bx + cx$$

$$Y = 4.126 + .225X_1 + .238X_2 + \text{Error}$$

Where, X1 = Brand image (independent variable)

X2 = price (independent variable)

Y = customer satisfaction (dependent variable)

The Result of regression is indicated in the coefficient table indicates that values for brand image and price have significant relationship with customer satisfaction having beta values of .325 and .205 which were significant at .000 and .000 level of significance as indicated by t-value of 2.245 and 3.294 respectively. So we can conclude that there is significant impact of brand image and price on customer satisfaction. Hence hypothesis of our study has been accepted.

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7. Implications of Study

The results of this study have contributed to the body of knowledge in the field of customer response behaviour in the hospitality sector in India. For researchers, it acts as a knowledge base for further studies related with this topic. For service industry, it provides guidelines to enhance customer satisfaction by making for making sound price decisions.

8. Limitations of the study

1. Sample size was small so conclusions reached by this study may not be entirely applicable to other service organizations.

2. The study was done on few hotels of Delhi, so the generalization of the results and findings are not warranted.

9. Conclusion

Most of the business organisations consider a brand image as a powerful asset for their success. It is quality of services and price that has become a vital component of hotel's ability to differentiate itself from its competitors and to gain customer satisfaction. The brand association generates value for the company and help

consumers for purchase decisions. Customers have a nature of comparing one product with the competitors' product and attracted towards the highly reputed brands.

Presently, there is an extensive range of products and services for the customers in shopping complex and on internet. Customers can opt for the services from home to any hotel in the world through online services provided by various travel agencies like make my trip, yatra.com, travel triangle etc.

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