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WHAT EFFECT DOES THE HAMPTON INN
100% UNCONDITIONAL SATISFACTION GUARANTEE
HAVE ON CUSTOMER LOYALTY?

By
Jeffrey Alan Carlstead

A dissertation submitted in partial fulfillment
of the requirements for the degree of

Doctor of Education
University of San Diego
May 2004

Dissertation Committee

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ABSTRACT

Trust has been identified as a key factor in sustaining customer loyalty in service sector industries. The Hampton Inn hotel chain attempts to promote trust and loyalty among its customers by offering a 100% unconditional satisfaction guarantee.

The purpose of this study was to investigate the extent to which a specific value-enhancing feature—the 100% unconditional guarantee—is likely to influence customer loyalty. In this study, loyalty was defined in two ways: (a) the likelihood of returning to another Hampton Inn property and (b) the likelihood of returning to the particular Hampton Inn at which this study was conducted.

In the study, data were gathered by means of a researcher-developed survey instrument and multiple regression models were used to analyze the data. Regression analysis revealed a significant relationship between the likelihood of returning to another Hampton Inn and the importance of the guarantee for both returnees and those who were staying at the particular Hampton Inn in the study for the first time. Some of the other demographic and

hotel-related independent variables that were used to construct the regression model also were significant.

A significant relationship between the guarantee and customer loyalty was also found for first timers when the measure of the second indicator of loyalty (the likelihood of returning to the particular Hampton Inn at which the study was conducted) functioned as the dependent variable. No significant relationship was found for returnees, however, when this second dependent variable was used. Most demographic and hotel-related independent variables also were not significant for either the returnee or the first time group, but one independent variable—perception of the quality of the stay—was significant for returnees and first timers.

DEDICATION

To my loving and caring wife

Eugenie

and

my wonderful children

Brian, Sarah, Natalie, and Kevin

ACKNOWLEDGEMENTS

I would like to acknowledge and thank my dissertation director, Dr. Robert Donmoyer, and my dissertation committee members, Dr. Fred Galloway and Dr. Daniel Miller, for their thoughtful and professional guidance. I would also like to thank the people who directed my hotel career for so many years, my father Harold C. Carlstead, and his partners, George D. Gilley, Franklin L. Basler, and Wells Martin Jr. who instilled in me a leadership style to see with "customer eyes"; my mother, Phyllis J. Carlstead, for the belief that all "things have there place"; and to a wonderful Irishman Jack Bolton, who introduced me to marathon running and taught me to "always finish"; Lastly, my partner and wife Eugenie C. Carlstead, for her love, understanding and devotion that guides me daily and for her wisdom to move to San Diego, California and build a "dream life".

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Chapter One

Introduction

The year was 1990, just one year after The Hampton Inn-San Diego opened. I spent the afternoon reviewing the hotel's first quality and service rating from corporate headquarters. I took it very seriously because the ratings were largely determined by customer satisfaction. Within three days of a person's stay at one of the Hampton Inns, customers are randomly sampled and mailed an in-depth survey. Each quarter Hampton Inn corporate headquarters, ranks the entire chain of hotels on their level of quality and service as expressed in these surveys. After the first full year of operations the Hampton Inn-San Diego was ranked 17 out of 210 hotels. Eugenie, my wife, said, "The way the hotel operates, there is no reason that it can't be number one." The hotel was built from the ground up focusing on the customer's needs; a great staff, wonderful guests, and management allowing for a high level of participation from both. The goal to be number one in the

next twelve months was set, making the commitment to do everything that could be done to go the extra mile.

Three years passed. It was 1993 when Eugenie and I attended the Hampton Inn annual owner's conference. At the annual celebration ball, Eugenie was asked to dance by Mike Rose, the Chairman of the Board of Promus Hotels, then owner of the franchise rights of Hampton Inns. Talking more than dancing, Mike asked her how the Hampton Inn-San Diego consistently rank number one every quarter. After praising our people, confirming our dedication to quality and service, Eugenie looked seriously at him and said, "Jeff believes the most important function that ownership can provide is creating the environment that promotes the best relationships between owners, our guests, and our employees. He listens to them and they listen to him. The guests and employees know that he cares about them because he responds to them and believes in them. The employees have the authority, the training, and the directive to feel comfortable doing what they want to do: taking care of the customer. Rather than having to hide from unhappy guests, the staff can enjoy the sense of satisfaction, control, and feeling of success and integrity in relating positively to the guests. The trainings focus on the reasons why this kind of environment was created. This creates the

commitment. Jeff then makes sure that everyone has the tools and training they need to the job that they want to do. This training includes everything from communication skills and name memorization to more technical trainings that enable employees to act confidently and quickly to respond to situations that come up for the guests. Even when the employees had the authority to give a refund because the hotel had made a mistake, they sometimes hesitated. Jeff always talks about the hotel guests and fellow workers as human beings first and foremost. It helps keep the perspective on what the right thing to do was in each situation, whether it was apologizing and refunding, making it the goal to make every guest smile even if he could tell they were having a bad day, or making sure that their room was perfectly cleaned for them. The theme song and TV show, *Cheers*, seems to have it right. *It's a place "where everyone knows your name", and they're "always glad you came."* He keeps it simple this way; the commitment is to being a place where everyone feels valued." This conversation struck a cord with Mr. Rose, and before long the beginning of a culture change. If one hotel can create a culture of trust and empower all the staff to handle any complaint, back it up with the integrity of an unconditional guarantee, maybe we can create a better

product, a better place to work and a better place to stay, and raise the quality and service ratings of all Hampton Inn quality rankings.

The corporate headquarters rolled the official program out 12 months later. Hampton Inn Hotels was the first hotel chain to have a 100% unconditional satisfaction guarantee. The guarantee simply stated "We guarantee high quality accommodations, friendly and efficient service, and clean, comfortable surroundings. If you're not completely satisfied we don't expect you to pay." The program was presented with a strong commitment from the corporate leaders and had a strong base in customer service training and staff empowerment training. The biggest hurdle for many owners and managers was the thought of trusting the customers and the employees. What if the hotel guests just wanted the room for free? Do we just trust what the customer says? What if the employees just give away all of the rooms? After seeing some of the owners react this way, I realized that something that the Hampton Inn-San Diego took for granted and had been doing for years, many people had trouble with. I always thought of it in terms of doing the right thing in relation to other human beings, although I did at times feel like I was risking a great deal by putting everything on the line so I could be the same

person in business as I was in life. The corporate experience made me realize the extent to which trust was the underpinning of creating this kind of work environment, customer loyalty, and the guarantee. My belief in how to treat people necessitated my giving a 100% guarantee to keep the hotel's integrity. Owners and others in the industry who were presented with the guarantee had to come to terms with the issue of trust in relationship with their customers and employees, which for many of them exposed a vulnerability that they were not comfortable with at first. System-wide, what was described not just as a new program, but a "the creation of a new culture" caught on and after just one year the Hampton Inn quality scores improved dramatically chain-wide. The Hampton Inn-San Diego continued quarter after quarter to keep its top rating. Two years later, at the Hampton Inn Corporate Convention, which now represented 700 hotels, the Hampton Inn-San Diego was presented the "The Inn of the Decade" award. The hotel was recognized with the distinction of having an unprecedented consistency in the highest ratings for customer service and quality.

When in 1999 the Hilton Hotel Corporation bought the Hampton Inn franchise company, the first concern of many Hampton Inn owners was the fate of the guarantee. Would

they dilute it or eliminate it? Hilton did not have such a guarantee. To this date, the guarantee is still in place at over 1250 Hampton Inn hotels but not at the 210 Hilton branded hotels.

After years of working with the guarantee and experiencing how every employee, all the time, has to take the risk of completely trusting the customer. It is not always easy, but it has been the only meaningful way of doing business that is consistent with my beliefs in how to be in a relationship. Besides the difficulty of feeling vulnerable, there is another question that arises: "Does this guarantee, which necessitates taking the risk of trusting, create customer loyalty?" This research attempts to answer this question.

Purpose of the Study

The purpose of this study was to investigate the extent to which a specific value enhancing feature-the 100% unconditional satisfaction guarantee-was likely to influence customer loyalty. In this study, loyalty was defined in two ways: (a) the likelihood of returning to another Hampton Inn property and (b) the likelihood of returning to the particular Hampton Inn at which this study was conducted.

Customer satisfaction and customer loyalty have been conceptualized as two distinct entities. Satisfaction refers to the degree to which customers feel their needs are met while loyalty indicates a desire to return to the property or retailer (McMurchy & Steenstrup, 2001). The distinguishing factor is that satisfaction involves practical concerns while loyalty is emotion-driven. Gitomer (1999) emphasizes that there is no guarantee that meeting customer's expectations will ensure customer loyalty when the same practical needs can be met by other enterprises. To Gitomer, added value is a critical factor in building customer loyalty. This study sought to determine the degree to which guests of the Hampton Inn perceive the 100% satisfaction guarantee as a value-enhancing quality that will drive them to return.

Research Questions

This study focused on the following research questions:

Question 1

What was the likelihood of returning to a Hampton Inn a function of the existence of a 100% unconditional satisfaction guarantee?

Question 2

What was the likelihood of returning to the Hampton Inn San Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee?

Methodology

Initially, four models were constructed. These included models for first-time guests who never stayed at another Hampton Inn; those who just stayed at other Hampton Inns; those who just stayed at Hampton Inn-San Diego/Kearny Mesa; and guests who stayed at the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns.

For the actual analysis, the four individual group models were combined into two combined group models, because the sample sizes in three of the groups were small. The two combined models involved: guests who stayed for the First Time at the Hampton Inn-San Diego/Kearny Mesa and guests who Returned to stay at the Hampton Inn-San Diego/Kearny Mesa. The first combined group was comprised of 37 participants and the second combined group had 180 guests. The total sample was comprised of 217 individuals.

The independent and dependent variables that were included in the model were derived from survey questions. The independent variables included four demographic variables and three hotel-related variables. The hotel

variables included QUALITY (Overall, how would you rate the quality of your stay); GTD (how much did the 100% unconditional satisfaction guarantee influence your likelihood of staying at a Hampton Inn); and IMPORTA (how important was the 100% unconditional satisfaction guarantee when selecting a hotel). Demographic variables consisted of age, gender, purpose of stay (business or personal), and total nights stayed in any hotel in the last year. The dependent variables included respondents' ratings of (a) the likelihood that they would return to Hampton Inns in general and (b) the Hampton Inn-San Diego/Kearny Mesa, in particular. To determine which variables should be included in the final model, backwards-stepwise regression was performed.

The analyses to answer the questions were presented next. In determining to what extent the likelihood of returning to Hampton Inn-San Diego/Kearny Mesa was a function of the existence of the 100% unconditional satisfaction guarantee the likelihood of return varied according to type of group.

Assumptions of the Study

Trust, value, consistency, and the essence or quality that customers associate with a particular brand have been

identified in the literature as features of a service or product that generate customer loyalty. It was anticipated that the findings from this study would provide insight on the extent to which a specific value-enhancing feature, namely a policy guarantee of 100% satisfaction, influences consumer decision-making in the selection of lodging facilities.

Significance of the Study

Understanding the factors underlying customer loyalty is an important topic for service sector industries. It is especially significant in the hotel industry, where a large portion of revenues is derived from frequent business travelers. This study was unique in that its specific focus was on the impact of a 100% satisfaction guarantee on in regards to customer loyalty. This study focused on enhancing the understanding of the way the 100% satisfaction guarantee influences customer decision-making by examining the impact of the guarantee from the perspective of four distinct groups of hotel customers. On a broader level, it adds to the existing body of research on customer loyalty in the service sector in general and the lodging industry in particular.

Delimitations of The Study

The focus of this study was on the processes underlying customer loyalty in the lodging industry. Thus, results from this study are not generalizable to other service industries. In addition, the factors that influence customer decision-making may differ across market segments of the hotel industry, and these results are not applicable to all segments.

Chapter Two

Historical Review and Related Literature

Background

Trust and fairness are inextricably intertwined as essential factors in ethical business practices. As stated by Seiders and Berry (1998), "Trust is central to exchange and is believed to influence interpersonal behavior more than any other single variable. Fairness is a necessary condition for trust, and trust counterbalances the risk and uncertainty endemic to service transactions" (p. 9). Trust engenders ethical conduct in the business relationship. Individuals who project qualities associated with trust, such as reliability, conscientiousness, and honesty are most likely to elicit trust. The process is reciprocal and reinforcing. Stated simply, "Trust is not something that is depleted through use, rather it is enhanced" (Brien, 1998, p. 402). This simple observation is the cornerstone of relationship marketing (Morgan & Hunt, 1994) and loyalty in strategic alliances (Chow & Holden, 1997). In the

hospitality industry, it is integral to guest loyalty (Bowen & Shoemaker, 1998).

Managers who lead by example are most likely to secure the trust of employees, which in turn, enhances the commitment of employees to organizational goals. In a nationwide study of total quality management (TQM) in hotels, lack of commitment by management was cited as one of the major barriers to successful implementation, and the most common complaint was the inability of top management to communicate a vision and secure the commitment of organization members (Breiter & Bloomquist, 1998). Top management support underlies the "Ritz-Carlton Gold Standards, which includes a credo, motto, and three service steps, and 20 "Ritz-Carlton Basics," the quality standards to which all employees are expected to adhere.

In a similar fashion, CEO Ray Schultz of the Hampton Inn hotel chain is strongly committed to a culture of quality and conveys this message to all employees. A signature feature of Hampton Inn is a guarantee of 100% satisfaction that clearly states, "If you're not completely satisfied, we don't expect you to pay" (Post-Harrah's Hilton, 1996, p. 86). Shultz stresses that if a guarantee of quality is offered simply as a marketing device, both

employees and customers would immediately see through the ploy (Post-Harrah's Hilton, 1996).

The consequence of a hollow guarantee is that it undermines trust. Definitions of trust often include the role of opportunistic behavior, which may yield short-term profits, but ultimately has a negative impact on trust. Thus, individuals or organizations that wish to inspire trust seek to acquire a reputation for non-opportunistic behavior (Hosmer, 1995). The way in which opportunistic behavior undermines trust was illustrated by the responses of luxury hotel guests (primarily loyal customers of the hotel) to a hypothetical question on yield management. Respondents were asked what their reaction would be if they reserved a room at their favorite hotel to find out they were being charged \$100 per night more than the usual rate because only a few rooms were left. The negative responses suggested that, "Such an overt approach to manipulating rates appears to damage the fragile structure of guests' loyalty" (Bowen & Shoemaker, 1998, p. 19). In essence, loyal customers expect constancy and reliability (i.e., ethical behavior) from the hotel of their choice, and an overt display of opportunism violates their expectations.

Despite the best efforts of management and staff, problems with service are almost inevitable in the hospitality industry. The critical factor in sustaining customer loyalty is generally not the problem itself but the way it is handled. In their study of perceived fairness in service transactions, Seiders and Berry (1998) found that consumers who reported problems with service quality were most satisfied when companies responded by simultaneously offering an explanation (restoring psychological equity) and offering compensation (restoring actual equity). An explanation works to validate the sincerity of the compensation, while compensation assuages suspicion that an explanation is merely an excuse. Consumers look on a policy in which a company voluntarily sacrifices revenue to ensure customer satisfaction with special favor. This is particularly true for restoring trust in the wake of incidents that challenge expectations for service. Service recovery investments have been found to yield returns ranging, on average, from 30% to 150% (Brown, 2000).

The return on quality (ROQ) experienced by Hilton hotels as a result of the unconditional service guarantee confirms the importance to consumers of perceived fairness

and trust. Hampton Inns boast the lodging industry's highest retention rate (Brown, 2000). The Hampton Inn's service pledge cost the company \$3.98 million.

Warren Bennis and colleagues Gary Heil and Deborah Stevens recently stated that, "Gathering information, and above all developing trust, have become the key source of sustainable competitive advantage" (cited in Stewart, 2000, p. 332). Sustaining competitive advantage in the service industry entails gathering information on developing trust. In examining trust simultaneously from a philosophical and organization perspective, Hosmer (1995) noted that trust has been given remarkably little attention in Western philosophy, a neglect based on the implicit assumption that an ideal society is one in which all members voluntarily cooperate for the mutual good: "From this perspective, the 'willing cooperation' and the 'ultimate benefit' together show that there is an obvious association between the definition of trust in organizational theory and the concept of the 'good' society in moral philosophy" (p. 394). An important distinction between the two is the fact that moral philosophy has traditionally been theoretical, whereas organizational theorists seek to understand the behavior that underlies decision of trust.

At the same time, empirical studies of organizational practices often lag behind the implementation of innovative new concepts. Hackman and Wageman observe that, "TQM has captured more attention from practitioners than from researchers" (Hackman & Wageman, 1995, p. 323). Most research on TQM has been based on case reports, frequently written by members of the target organization. The lack of systematic research on TQM processes has allowed a over abundance of strategies involving work teams, work redesign, and employee empowerment to be introduced under the "TQM banner," regardless of whether the organization adheres to the basic principles of TQM (Hackman & Wageman, 1995). However, the formal studies that have been conducted strongly indicate that TQM interventions are most successful in organizations where "Quality is viewed as ultimately and inescapably the responsibility of top management," and thus is embedded in all operations (Hackman & Wageman, 1995, p. 311).

In the 1999 Cornell study of best practices in the United States lodging industry, hotels in the Hilton and Ritz-Carlton chains appear prominently among the highest performers at both property and corporate levels. The Hilton-owned Hampton Inns, the focus of this study, was

named corporate-level quality champion. Embassy Suites, also owned by Hilton, was awarded corporate-level overall best practices champion in the upscale hotel segment (Dube & Renagham, 1999).

The findings of the national study of TQM in hotels regarding top management commitment and its impact on the organization and its employees underscores the need for investigating the practices that have been implemented in the lodging industry and their subsequent impact on staff managers and guests. Findings from all segments of the service industry confirm the importance of recovery management in securing customer loyalty. A link between commitment to quality and service recovery is implicit in the high retention rate of the Hampton Inns. Understanding the processes of innovative management strategies and their outcomes is essential to continuous quality improvement. Most hotels have guest satisfaction surveys that enable them to build upon strengths and target areas for improvement. In general, these are used for the concrete purpose of informing practices that will enhance guest satisfaction and loyalty. Combining these responses with theoretical perspectives on ethical business practices

provides additional insight into the past and outcomes of organizational trust.

Chapter Three

Research Design

Procedure

The methodology of this research was quantitative; specifically, it employed a survey (Appendix A). The survey was presented at the time of check-in, each guest received a sealed #10 envelope stamped with the Hampton Inn logo and containing a letter of introduction, survey questionnaire, and return envelope. The letter (Appendix B) inform them that they will be participating in a specific research project distinct from a routine guest survey. All potential respondents were informed that the survey was strictly anonymous and demographic data was collected solely for the purpose of data analysis. The letter informed them that their responses were strictly confidential.

At the time of each guest's check-out, the guest service representative asked each guest if he or she had completed the survey. All completed surveys were placed in a sealed, secure box.

Characteristics of the Sample

Four types of Hampton Inn customers participated in the survey:

1. Those who JUST STAYED at Hampton Inn-San Diego/Kearny Mesa (n = 42);
2. Guests who stayed at BOTH the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns (n = 138);
3. First-time guests who NEVER STAYED at another Hampton Inn (n = 15); and
4. Those who just stayed at OTHER Hampton Inns (n= 22).

These groups were combined into two groups because the sample sizes in three of the groups were extremely small.

This resulted in the following two combined groups:

1. Return: Guests who RETURN to stay at the Hampton Inn-San Diego/Kearny Mesa (n = 180). This represented a combination of JUSTSTAY and BOTHSTAY.
2. 1st Time: Guests who stayed for the first time at the Hampton Inn-San Diego/Kearny Mesa (n = 37). This represented a combination of NEVER STAY and OTHER STAY groups.

Pilot Test

The survey was pre-tested at the Hampton Inn-San Diego/Kearny Mesa for one week. The purpose of the process was to ascertain if the respondents could make sense of the questions, and if the respondents were making the same sense the researcher was intending them to make. While filling out the survey instrument each respondent was probed by the interviewer. None of the respondents misunderstood the survey.

Description of the Models

In order to answer the research questions and test the hypotheses implicit in these questions, models had to be constructed. The variables used in these models are discussed first.

The Variables

The questionnaire items were translated into variables. Two items became the dependent variables and the remaining variables became independent variables. Table 3 provides specific definitions and corresponding codes for both the dependent and independent variables in the models.

Independent variables were separated into two distinct groups: four demographic variables and three hotel factors. Demographic variables consisted of age, gender, purpose of stay (business or personal), and total nights stayed in

another hotel in the last year. All the demographic variables were used in the models for both research questions.

The hotel independent variables included: QUALITY (Overall, how would you rate the quality of your stay?); GTD (How much does the 100% unconditional satisfaction guarantee influence your likelihood of staying at the Hampton Inn-San Diego/Kearny Mesa?); GTDINFLU (How much does the 100% unconditional satisfaction guarantee influence your likelihood of staying at another Hampton Inn?); and IMPORTA (How important was the 100% unconditional satisfaction guarantee when selecting a hotel?). The hotel variables of QUALITY and IMPORTA were employed to answer both questions, while GTD (How much did the 100% unconditional satisfaction guarantee influence your likelihood of staying at the Hampton Inn-San Diego/Kearny Mesa in the future?) and GTDINFLU (How much did the 100% unconditional satisfaction guarantee influence your likelihood of staying at another Hampton Inn in the future?) were each only used to answer one question. GTDINFLU was used for the first question and GTD was used for the second question.

There were two dependent variables. As previously noted, the first question posed by this researcher was, "To

what extent is the likelihood of returning to another Hampton Inn a function of the existence of a 100% unconditional satisfaction guarantee?" The dependent variable for this research question was OTHER (likelihood the guest would return to another Hampton Inn as measured by item 4 on the questionnaire). The second research question asked, "To what extent is the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee?" In this case, the dependent variable was LIKE (likelihood the guest would return to the Hampton Inn-San Diego/Kearny Mesa as measured by item 3 on the questionnaire).

Six Models

The variables and subgroups discussed above were used to construct six models, one for each of the two combined groups and one for each of the four individual groups. To determine which variables should be included in the final model, backwards-stepwise regression was used.

Initially, all independent variables were entered into each of the models and one of the two dependent variables was used. To determine if there was a significant relationship between the group of independent variables and the dependent variable, the F statistic was first examined.

If the value of the F statistic exceeded its critical value, t-tests were then used to test for the existence of non-zero effects among the independent variables. After examining each of the independent variables, the least significant variable was identified and dropped.

To determine the extent of the decrease when a variable was omitted from the model, the R-square was examined.

A change in R-square greater than two percent indicated that the last independent variable removed was significantly related to the dependent variable and thus it should not be removed from the model. The significant independent variable was then put back in the model and the model then became the final model. If, on the other hand, the drop in R^2 was less than two percentage points, indicating the last variable removed was not significantly related to the dependent variables, the t-tests for the coefficients were examined once again to determine which independent variable to remove for the next stepwise regression step. The variable with the least significance was excluded from the next backwards-stepwise regression run.

The process was repeated a number of times until all t-tests indicated the coefficients were significant,

that is, all were not equal to zero, or the R-square decrease was greater than two percentage points.

Table 1: Variable Definitions

<u>Variable</u>	<u>Survey Item</u>	<u>Coding Scheme</u>
<u>Independent Variables - Demographics</u>		
TOTSTAY	6. In the past 12 months, how many nights did you stay in a hotel?	Actual number of nights
PERBUS	7. What is the main purpose of this stay?	0=Pers./Pleas, 1=Work/Bus
GENDER	8. Are you a male or female?	0=Male 1=Fem
AGE	9. What is your age?	Actual age
<u>Independent Variables - Hotel</u>		
QUALITY 2.	Overall, how would you rate the quality of your stay?	1=Very Poor 9=Excellent
GTD ^a	3b. How much did the 100% Unconditional Satisfaction Guarantee influence your answer to question 3?	1=Not Influential 9=Very Influential
GTDINFL ^b	4b. How much did the 100% Unconditional Satisfaction Guarantee influence your answer to question 4?	1=Not Influential 9=Very Influential
IMPORTA	5. How important is the 100% Unconditional Guarantee when selecting a hotel?	1=Not Important 9=Very Important
<u>Dependent Variables</u>		
LIKE ^a	3. If you return to San Diego, what is the likelihood of you staying at this Hampton Inn?	1=Not Likely 9=Very Likely
OTHER ^b	4. In general, what is the likelihood of you staying at other Hampton Inns in the future?	1=Not Likely 9=Very Likely

^a used for research question 2 only

^b used for research question 1 only

Data Analysis

This study employed quantitative methods to determine the influence of the 100% satisfaction guarantee on guests' prospective decisions to return to the Hampton Inn brand. Regression analysis was used to address the two dependent variables of this study: the likelihood of returning to another Hampton Inn property and the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa. Two regression models were used to establish a correlation between the independent variables (guest demographic data and the 100% unconditional satisfaction guarantee) and the dependent variables of guests' intent to return. The first regression model was limited to analyzing the effect of demographic data, which encompasses gender, age, purpose of stay, and hotel nights per year. The second regression model utilized the same demographic variables plus the importance of the satisfaction guarantee. The two models were run separately on the four respondent groups and the coefficients compared across groups.

The data from each of the four respondent groups were presented separately and subsequently combined in conjunction with findings from the research. Any pattern that emerged in the data analysis was presented.

Chapter Four

Findings

Introduction

The specific goal of the study was to examine the impact of the 100% unconditional satisfaction guarantee on the customer loyalty of new and returning guests of the Hampton Inn-San Diego/Kearny Mesa. In the study, customer loyalty was defined as the intention of guests at the Hampton Inn-San Diego/Kearny Mesa to return to the property and to Hampton Inns in general.

Previous portions of this dissertation introduced the problem, presented the research questions, reviewed the literature pertinent to the major dependent and independent variables of the study, and described the methods as well as the significance and limitations. The purpose of this chapter is to present and analyze the data that were collected to answer the study's two research questions. The research questions are: 1) To what extent is the likelihood of returning to a Hampton Inn a function of a 100% unconditional satisfaction guarantee? 2) To what extent is the likelihood of returning to the Hampton Inn San

Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee? Prior to addressing the two research questions and discussing other variables that data analysis suggest are important, descriptive statistics about the sample will be presented and the models used to answer the questions will be described.

Characteristics of the Sample

Four types of Hampton Inn customers participated in the survey:

1. Those who JUST STAYED at Hampton Inn-San Diego/Kearny Mesa (n = 42); and
2. Guests who stayed at BOTH the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns (n = 138);
3. First-time guests who NEVER STAYED at another Hampton Inn (n = 15); and
4. Those who just stayed at OTHER Hampton Inns (n= 22);

These groups were combined into two groups because the sample sizes in three of the groups were extremely small. This resulted in the following two combined groups:

1. RETURN: Guests who RETURN to stay at the Hampton Inn-San Diego/Kearny Mesa (n = 180). This represented a combination of JUSTSTAY and BOTHSTAY.

2. FIRST TIME: Guests who stayed for the first time at the Hampton Inn-San Diego/Kearny Mesa (n = 37). This represented a combination of NEVER STAY and OTHER STAY groups; and

Tables 1 and 2 provide demographic information about the two combined groups that made up the sample. Table 1 presents information about participants' gender, reason for travel (business or pleasure), and awareness of the Hampton Inn's 100% unconditional satisfaction guarantee. Of the 213 individuals in the sample, 147 (69 percent) were male and 66 (33 percent) were female. Only 36 participants (16.9 percent) were staying at the hotel for the first time, while 177 (83.1 percent) were returning customers. Forty-five of the 213 (21.2%) respondents who were staying at the Hampton Inn-San Diego/Kearny Mesa were there for personal reasons. One hundred sixty nine of the 213 (78.8%) were staying for business reasons. The majority of respondents (177 or 83.1 percent) were aware of the guarantee. The percentage here was slightly higher for returnees than for

those who were staying at the Hampton Inn-San Diego/Kearny Mesa and or a Hampton Inn in general for the first time (85% to 76%).

Table 1

Sample Descriptives by Group - Categorical Variables (n = 213)

	<u>FIRST TIME^a</u>		<u>RETURN^b</u>		
Variable	n	%	n	%	Total
Gender					
Male	28	78	119	67	147
Female	8	22	58	33	66
Reason for stay					
Personal	10	29	35	20	44
Business	25	71	144	80	169
Aware of 100% guarantee					
Yes	28	76	149	85	177
No	9	24	26	15	35

^aGuests who were staying at the Hampton Inn-San Diego for the first time

^bGuests who had previously stayed at the Hampton Inn-San Diego

Table 2 provides information about the age of respondents, the number of nights they stayed in hotels per year, their quality rating, their likelihood of returning, and the influence of quality on their likelihood of returning to both this and any Hampton Inn. The age range of the respondents was between 22 and 83, with the average age being 44.2. The average total nights stayed in any hotel per year was a little over 29.

The mean average quality rating for first and returning groups was about the same: 7.9 and 8.2, respectively, on a nine point scale. Likelihood of staying at Hampton Inn-San Diego/Kearny Mesa is about the same for both returning and first time groups: 7.7 and 8.3, on a 9-point scale. The influence of quality of current stay on likelihood of returning to the Hampton Inn for returning and first time groups was also similar: 7.2 and 7.9, respectively.

The influence of the 100% guarantee on likelihood of returning to the Hampton Inn for returning and first time groups was 4.8 and 5.5., respectively. Little difference was apparent for these two groups when asked about the likelihood that they would stay at another Hampton Inn in

Table 2

Sample Descriptives by Group - Quantitative Variables

Variable	Mean	SD	Min	Max
Age				
FIRST TIME	42.9	10.3	24	66
RETURN	44.4	11.2	22	83
Total nights stayed in a hotel in past 12 months				
FIRST TIME	26.7	29.1	0	110
RETURN	30.4	23.8	0	180
Quality rating ^c				
FIRST TIME	7.9	1.3	2	9
RETURN	8.2	0.9	5	9
Likelihood will stay at Hampton Inn-San Diego again ^d				
FIRST TIME	7.7	1.6	1	9
RETURN	8.3	1.3	1	9
Influence of quality of current stay on likelihood of returning to Hampton Inn-San Diego ^e				
FIRST TIME	7.2	1.8	1	9
RETURN	7.9	1.5	1	9

(table continues)

^aGuests staying at the Hampton Inn-San Diego for first time^bGuests who previously stayed at the Hampton Inn-San Diego^cRating scale 1 = very poor, 9 = excellent^dRating scale 1 = not likely, 9 = very likely^eRating scale 1 = not influential at all, 9 = very influential

Variable	Mean	SD	Min	Max
Influence of 100% guarantee on likelihood of returning to Hampton Inn-San Diego ^c				
FIRST TIME	4.8	2.8	1	9
RETURN	5.5	2.7	1	9
Likelihood will stay at another Hampton Inn in the future ^d				
FIRST TIME	8.0	1.2	5	9
RETURN	7.8	1.2	1	9
Influence of quality of current stay on likelihood of staying at another Hampton Inn ^d				
FIRST TIME	6.0	2.5	1	9
RETURN	7.1	2.0	1	9
Influence of 100% guarantee on likelihood of staying at another Hampton Inn ^d				
FIRST TIME	4.6	2.8	1	9
RETURN	5.6	2.8	1	9
Importance of 100% guarantee when selecting a hotel ^e				
FIRST TIME	6.4	2.2	1	9
RETURN	6.6	2.2	1	9
^a Guests staying at the Hampton Inn-San Diego for first time				
^b Guests who previously stayed at the Hampton Inn-San Diego				
^c Rating scale 1 = very poor, 9 = excellent				
^d Rating scale 1 = not likely, 9 = very likely				
^e Rating scale 1 = not influential at all, 9 = very influential				
^e Rating scale 1 = no important, 9 = very important				

the future. The means were 7.8 for the returning group and 8.0 for the first timers.

A larger difference was found between the two groups with respect to the influence of quality of current stay on likelihood of staying at another Hampton Inn. The mean of first time guests was 6.0; the mean of returning guests was 7.1. A difference also existed between the two groups with respect to their ratings of the influence of the 100% guarantee on likelihood of staying at another Hampton Inn. The means were 4.6 and 5.6 for returning and first time guests, respectively.

Finally, little difference was noted in the means of 6.4 and 6.6 for first time and returning groups with respect to the importance of the 100% guarantee when selecting a hotel.

Description of the Model

In order to answer the research questions and test the hypotheses implicit in these questions, a model had to be constructed. The variables are discussed first.

The Variables

The questionnaire items were translated into variables. Two items became the dependent variables (refer to Table 3). Table 3 provides specific definitions and

corresponding codes for both the dependent and independent variables in the model. Independent variables were separated into two distinct groups: four demographic variables and three hotel factors. Demographic variables consisted of age, gender, purpose of stay (business or personal), and total nights stayed in another hotel in the last year. All the demographic variables were used in the models for both research questions.

The hotel independent variables included: QUALITY (Overall, how would you rate the quality of your stay?); GTD (How much does the 100% unconditional satisfaction guarantee influence your likelihood of staying at the Hampton Inn - San Diego / Kearny?); GTDINFLU (How much does the 100% unconditional satisfaction guarantee influence your likelihood of staying at another Hampton Inn?); and IMPORTA (How important was the 100% unconditional satisfaction guarantee when selecting a hotel?). The hotel variables of QUALITY and IMPORTA were employed to answer both questions, while GTD (How much did the 100% unconditional satisfaction guarantee influence your likelihood of staying at the Hampton Inn-San Diego/Kearny Mesa in the future?) and GTDINFLU (How much did the 100% unconditional satisfaction guarantee influence your

likelihood of staying at another Hampton Inn in the future?) were each only used to answer one question. GTDINFLU was used for the first question and GTD was used for the second question.

There were two dependent variables. As previously noted, the first question posed by this researcher was, "To what extent is the likelihood of returning to another Hampton Inn a function of the existence of a 100% unconditional satisfaction guarantee?" The dependent variable for this research question was OTHER (likelihood the guest would return to another Hampton Inn as measured by item 4 on the questionnaire). The second research question asked, "To what extent is the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee?" In this case, the dependent variable was LIKE (likelihood the guest would return to the Hampton Inn-San Diego/Kearny Mesa as measured by item 3 on the questionnaire).

The Six Models

The variables and subgroups discussed above were used to construct six models, one for each of the two combined groups and one for each of the four individual groups. To

determine which variables should be included in the final model, backwards-stepwise regression was used.

Table 3: Variable Definitions

<u>Variable</u>	<u>Survey Item</u>	<u>Coding Scheme</u>
<u>Independent Variables - Demographics</u>		
TOTSTAY	6. In the past 12 months, how many nights did you stay in a hotel?	Actual number of nights
PERBUS	7. What is the main purpose of this stay?	0=Pers./Pleas, 1=Work/Bus
GENDER	8. Are you a male or female?	0=Male 1=Fem
AGE	9. What is your age?	Actual age
<u>Independent Variables - Hotel</u>		
QUALITY	2. Overall, how would you rate the quality of your stay?	1=Very Poor 9=Excellent
GTD ^a	3b. How much did the 100% Unconditional Satisfaction Guarantee influence your answer to question 3?	1=Not Influential 9=Very Influential
GTDINFL ^b	4b. How much did the 100% Unconditional Satisfaction Guarantee influence your answer to question 4?	1=Not Influential 9=Very Influential
IMPORTA	5. How important is the 100% Unconditional Guarantee when selecting a hotel?	1=Not Important 9=Very Important
<u>Dependent Variables</u>		
LIKE ^a	3. If you return to San Diego, what is the likelihood of you staying at this Hampton Inn?	1=Not Likely 9=Very Likely
OTHER ^b	4. In general, what is the likelihood of you staying at other Hampton Inns in the future?	1=Not Likely 9=Very Likely

^a used for research question 2 only

^bused for research question 1 only

Initially, all independent variables were entered into each of the models and one of the two dependent variables was used. To determine if there was a significant relationship between the group of independent variables and the dependent variable, the F statistic was first examined. If the value of the F statistic exceeded its critical value, t-tests were then used to test for the existence of non-zero effects among the independent variables. After examining each of the independent variables, the least significant variable was identified and dropped.

To determine the extent of the decrease when a variable was omitted from the model, the R-square was examined. A change in R-square greater than two percent indicated that the last independent variable removed was significantly related to the dependent variable and thus it should not be removed from the model. The significant independent variable was then put back in the model and the model then became the final model. If, on the other hand, the drop in R^2 was less than two percentage points, indicating the last variable removed was not significantly related to the dependent variables, the t-tests for the coefficients were examined once again to determine which independent variable to remove for the next stepwise

regression step. The variable with the least significance was excluded from the next backwards-stepwise regression run. The process was repeated a number of times until all t-tests indicated the coefficients were significant, that is, all were not equal to zero, or the R-square decrease was greater than two percentage points.

Analyses of Data in Terms of Research Questions

The study has two research questions:

1. To what extent is the likelihood of returning to another Hampton Inn a function of the existence of a 100% unconditional satisfaction guarantee?
2. To what extent is the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee?

Question 1

To answer the first research question, demographic and hotel variables were regressed on self report data about the research subjects' responses to the question about the likelihood a respondent will return to another Hampton Inn in the future. The results for the return and first time combined groups are discussed first. After the result of these combined groups have been presented, selected

findings from the smaller individual groups that make up the return and first time groups are discussed in order to provide a more nuanced look at behavior within this particular combined group.

The Returned Combined Group

The first combined group to be tested was comprised of those who had returned to the Hampton Inn-San Diego/Kearny Mesa (n = 180). This combined group was made up of two groups: a) those guests who had previously just stayed at Hampton Inn-San Diego/Kearny Mesa and b) those guests who stayed at the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns. As previously noted, sample sizes of the two individual groups were small so they were combined into one group, those returning to the Hampton Inn-San Diego/Kearny Mesa, or returnees.

As shown in Table 4, the size of the F-statistic (8.96) suggests that the variables listed on Table 4, when taken together, were significant determinants of the likelihood of returning to other Hampton Inns in the future. The t-statistics for the individual variables personal/business, age, total nights stayed in a hotel, quality rating, and importance of the guarantee displayed statistically non-zero coefficients.

From the results of this model (Table 4), it may be concluded that the likelihood that a returning guest will

Table 4

Likelihood of Returnee Combined Group to Return to Another Hampton Inn Regressed on Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-statistic
Personal/business	-0.47	0.22	2.13**
Age	0.01	0.01	1.66*
Total stay	0.01	0.004	2.18**
Quality rating	0.41	0.10	4.25***
Importance of guarantee	0.07	0.04	1.79*

Note. $R^2 = .21$ $F = 8.96$, $p < .01$
 $*p < .10$ $**p < .05$ $***p < .01$

Table 5

Likelihood of People with FIRST TIME Stay at Hampton Inn-San Diego/Kearny Mesa to Return to Another Hampton Inn Regressed on the Demographic and Hotel Variable

Variable	Estimated Coefficient	Standard Error	t-Statistic
Importance of guarantee	0.17	0.09	1.91*

Note. $R^2 = .09$ $F = 3.65$, $p < .10$
 $*p < .10$

stay at another Hampton Inn in the future:

1. decreases if the returnees stay is for business.

(Specifically, the likelihood rating decreases by 0.47 (5.2%) rating points if the respondent's stay is for business, rather than pleasure.)

2. increases as age increases. (The likelihood rating increases by 0.03 (0.3%) for each year of age.)

3. increases as the number of nights the respondent has stayed in a hotel increases. (The likelihood rating increases by 0.01 for each night increase in the number of nights stayed in a hotel. This indicates a 0.1% (0.1%) increase in the rating for each night increase in the total nights stayed in a hotel.)

4. increases as the quality rating of the current stay increases. (The likelihood rating increases by 0.41 (4.6%) for each point increase in the quality rating) and

5. increases as the respondent's rating of the importance of the guarantee increases. (The likelihood rating increases by 0.07 (0.8%) for each point increase in the importance of the guarantee.)

First Time Combined Group

Table 5 provides results for guests who were staying for the first time at the Hampton Inn-San Diego/Kearny Mesa ($n = 37$). As previously noted, due to extremely small sample sizes, first-time guests who never stayed at another Hampton Inn and guests who stayed at other Hampton Inns but not the Hampton Inn-San Diego/Kearny Mesa were combined into one group of respondents who were at the Hampton-San Diego/Kearny Mesa for the first time.

As shown in Table 5, the size of the F-statistic (3.65) suggests that the variables, taken together, were significant determinants in the likelihood of returning to other Hampton Inns in the future. The t-statistics for the individual importance-of-the-guarantee-in-selecting-a-hotel variables displayed a non-zero coefficient.

From the results of this model (Table 5), it may be concluded that the likelihood the guest will stay at another Hampton Inn in the future increases as the respondent's rating of the importance of the guarantee increases. Specifically, the model indicates that the change in the rating of the likelihood the respondent will stay at another Hampton Inn in the future increases by 0.17

rating points for each one point change in the respondent's rating of the importance of the guarantee in selecting a hotel. The highest rating is 9. A change of 0.17 rating points would be a 2% increase in likelihood the respondent will stay at another Hampton Inn in the future.

Individual groups

Even though the sample sizes for the individual groups were small, stepwise regression was still used to analyze the data from these samples. The intent was to determine if the small groups would yield insights into the results for the two larger groups.

The regression results for the small groups of people who were returning to the Hampton Inn-San Diego/Kearny Mesa are presented first. These results are then compared to the combined group of returnees to the Hampton Inn-San Diego/Kearny Mesa guests to determine if any insights would emerge. Then any nuances that add insights into the results for the larger group are discussed.

Individual Groups Combined for Returning Guests

The two groups that were combined to form the Return Guest to Hampton Inn-San Diego/Kearny Mesa group were: a) guests who had only stayed in the Hampton Inn-San Diego/Kearny Mesa; and b) guests who had stayed in Hampton

Inn-San Diego/Kearny Mesa and other Hampton Inns. The regression results for these two smaller groups are discussed below.

Results of the analysis for those who only stayed in the Hampton Inn-San Diego/Kearny Mesa ($n = 42$) are presented in Table 6. As shown in Table 6, the size of the F-statistic (2.48) suggests that the variables, taken together, were not significant determinants of the likelihood of returning to other Hampton Inns in the future. From the t-tests it was concluded that only the coefficient for quality of the current stay at the Hampton Inn-San Diego/Kearny Mesa approached, but did not reach significance. As such, no inferences will be drawn from this group.

Results for the last individual group - Stayed in Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns ($n = 138$) are presented in Table 7. As shown in Table 7, the size of the F-statistic (8.22) suggests that the variables, taken together, were significant determinants in the likelihood of returning to other Hampton Inns in the future. The t-statistics displayed statistically non-zero coefficients for the individual variables; personal/business, age, total nights stayed in a hotel, quality

Table 6

Likelihood of People Who Have only Stayed at Hampton Inn-San Diego/Kearny Mesa to Return to Another Hampton Inn Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Quality rating	0.24	0.15	1.58

Note. $R^2 = .06$ $F = 2.45$, $p > .10$

Table 7

Likelihood of People Who Have Stayed at Hampton Inn-San Diego/Kearny Mesa and Other Hampton Inns to Return to Another Hampton Inn Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Personal/business	-0.51	0.27	1.91*
Age	0.02	0.01	2.18**
Total stay	0.01	0.004	2.14**
Quality rating	0.44	0.12	3.80***
Guarantee influence future stay	0.07	0.04	1.66*

Note. $R^2 = .24$ $F = 8.22$, $p < .01$
 $*p < .10$ $**p < .05$ $***p < .01$

rating of the current stay, and guarantee influence on future stay in another Hampton Inn.

The results for the combined group of guests who have returned to Hampton Inn-San Diego/Kearny Mesa were compared with the subgroup of guests who had stayed at both the Hampton Inn-San Diego-Kearny Mesa and other Hampton Inns before to determine if any insights about the combined results would emerge. As with the combined group the guests whose stay was for personal reasons were more likely to return to another Hampton Inn. Also those guests who had stayed more nights in a hotel and who were older were more likely to return to another Hampton Inn. For the combined group and the group of guests who had stayed at Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns the higher the quality rating the more likely the guest would return to another Hampton Inn in the future.

A difference arose with respect to the guarantee variables. For the combined group the importance of the guarantee in making a hotel decision was significant. For the subgroup of guests who had stayed at both the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns the influence of the guarantee in their decision to return to another Hampton Inn, was significant. On the survey, the

influence question asks specifically about the decision to return to another Hampton Inn, whereas the importance question asks about the decision to return to "a hotel". The subgroup who had stayed at the Hampton Inn-San Diego/Kearny Mesa had been exposed to the Hampton Inn guarantee and indicated they would use the guarantee in deciding to stay at other Hampton Inns in the future.

In summary, the quality rating was significant for the Return group as a whole and also for each of the smaller groups. These guests had been exposed to the quality of the Hampton Inn-San Diego/Kearny Mesa before. For the group that had only stayed at the Hampton Inn-San Diego/Kearny Mesa only the quality rating was related to their likelihood of staying at another Hampton Inn in the future. Age, total nights stayed in a hotel, and personal/business were significant for the combined group and for the larger small group (guests who had stayed at both the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns). The one difference was that for the combined group of returning guests, the importance of the guarantee was significant, but for the small group of guests who had stayed at both before, the influence of the guarantee was significant. These guests had been exposed

to the guarantee and indicated that it will influence their decision to stay at other Hampton Inns in the future. The combined group includes guests who had only stayed at the Hampton Inn-San Diego/Kearny Mesa. When these guests were added to the combined group the more generic importance of the guarantee in selecting any hotel surfaces. Both the influence and importance deal with the guarantee in making the hotel stay decisions.

Individual Groups Combined for First Time Guests

Table 8 provides the results for the first small group - those people who had never previously stayed at a Hampton Inn ($n = 15$). The model was regressed on the demographic and hotel variables. As shown in Table 8, the size of the F-statistic (7.42) suggests that the variables, when taken together, were significant determinants in the likelihood of returning to other Hampton Inns in the future. The t-statistics for the individual variables age, gender, total nights stayed in a hotel, and the influence of the guarantee on future Hampton Inn stays were significantly different from 0.

The results for the combined group of first time Hampton Inn-San Diego/Kearny Mesa guests were then compared

with the subgroup of guests who had never stayed at any Hampton Inn to determine if any insights into the combined

Table 8

Likelihood of People Who Have Never Stayed at a Hampton Inn
Returning to another Hampton Inn Regressed on the
Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Age	0.04	0.02	1.90*
Gender	1.02	0.43	2.38**
Total stay	-0.03	0.01	2.35**
Guarantee influence future stay	0.26	0.07	3.73***

Note. $R^2 = .75$ $F = 7.42$, $p < .01$
 $*p < .10$ $**p < .05$ $***p < .01$

results would emerge. For the combined group only the importance of the guarantee was significant. None of the demographic variables were related to the likelihood the guest would return to another Hampton Inn in the future. However, for the subgroup of those guests who had never stayed at any Hampton Inn the demographic variables age, gender, and total nights stayed in a hotel were significant as well as the influence of the guarantee. The likelihood that the guest would return to another Hampton Inn in the future increased if the guest was female, increased for older guests, and decreased as the total nights stayed in a hotel increased. The influence of the demographic variables on the likelihood the guest will return to another Hampton Inn can be better understood when compared with the following subgroup, guests who had previously stayed at other Hampton Inns but never stayed at the Hampton Inn-San Diego/Kearny Mesa.

Table 9 provides the results for guests who have stayed in other Hampton Inns ($n = 22$) but not previously at the Hampton Inn-San Diego/Kearny Mesa. As shown in Table 7, the size of the F-statistic (3.45) suggests that the variables, taken together, were significant determinants of the likelihood of returning to other Hampton Inns in the

Table 9

Likelihood of People Who Have Stayed at Other Hampton Inns
to Return to another Hampton Inn Regressed on the
Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Personal/business	-2.11	0.74	2.86**
Age	-0.03	0.02	1.60
Gender	-0.75	0.66	1.13
Total stay	-0.02	0.01	2.05*
Guarantee influence on future stay	-0.36	0.12	2.91**
Importance of guarantee	0.54	0.13	4.14***

Note. $R^2 = .61$ $F = 3.45, p < 0.5$
 $*p < .10$ $**p < .05$ $***p < .01$

future. The t-statistics displayed statistically non-zero coefficients for the individual variables personal/business, age, gender, total nights stayed in another Hampton Inn, the influence of the guarantee on future Hampton Inn stays and the importance of the guarantee.

The results for the combined group of first time Hampton Inn-San Diego/Kearny Mesa guests were compared with the subgroup of guests who had stayed at other Hampton Inns to determine if any further insights would emerge. For the combined group only the importance of the guarantee was significant. None of the demographic variables were related to likelihood the guest would return to another Hampton Inn in the future. However, for the subgroup of those particular guests who had stayed at other Hampton Inns before the demographic variables age, gender, total nights stayed in a hotel, and reasons for the current stay were significant. The likelihood that the guest would return to another Hampton Inn in the future decreased if the reason for the stay was business, decreased for older guests, decreased for females, and decreased as the total nights stayed in a hotel increased. For the previously discussed subgroup of first time at Hampton Inn-San Diego/Kearny Mesa guests (guests who had never stayed at

any Hampton Inn before) the relationship of gender and age to the likelihood they would return to another Hampton Inn were the opposite of the subgroup who had previously stayed at a Hampton Inn. That is, for those who had never stayed at a Hampton Inn, the likelihood the guest would return to another Hampton Inn increased if the guest was female and increased for older guests. As with the combined group the more important the guarantee in the decision to stay at a hotel, the more likely the guest would return to another Hampton Inn in the future. Which was the opposite for the other first time at Hampton Inn-San Diego/Kearny Mesa subgroup of guests. For this group the relationship of the influence of the guarantee was directly related to the likelihood the guest would return to another Hampton Inn.

For those guests who had previous experience with Hampton Inns, their decision to return to a Hampton Inn was related to the importance of the guarantee in their decision process. The presence of a guarantee was important in their choosing a hotel. Since they had stayed in Hampton Inns before they knew about the guarantee. For those who had never stayed at any Hampton the presence of the guarantee influenced the likelihood they would return to another Hampton Inn. Now that they had stayed at a

Hampton Inn and were exposed to the guarantee, this influenced their decision to stay at another Hampton Inn in the future.

In summary, for the combined group of first time guests, it was concluded that the likelihood the guest will stay at another Hampton Inn in the future increases as the respondent's rating of the importance of the guarantee increases. When the two component groups (never stayed at another Hampton Inn and had only stayed at other Hampton Inns) were examined it is interesting to note that the importance of the guarantee was insignificant for those who had never stayed at a Hampton Inn but was significant for those who had stayed at other Hampton Inns. Of course, those who had stayed at other Hampton Inns would have been exposed to the 100% guarantee before, while those who had never stayed at a Hampton Inn had not been exposed to Hampton Inn's guarantee. Also of interest is that, as with the combined group of first-time guests, quality of the current stay was not related to the likelihood the guest will stay at another Hampton Inn in the future for either small group.

Summary of Answer to Research Question 1

As previously noted, the first question of the study asked to what extent was the likelihood of returning to another Hampton Inn a function of the existence of the 100% unconditional satisfaction guarantee. From the above analyses, this question may now be answered. Answers are separated by specific group.

Combined Groups

For those who were returning to the Hampton Inn-San Diego/Kearny Mesa, the likelihood of staying at another Hampton Inn in the future was a function of the existence of Hampton Inns' 100% unconditional satisfaction guarantee. The guarantee was important in their selection of a hotel. For those who were staying at the Hampton Inn-San Diego/Kearny Mesa for the first time, the likelihood of staying at another Hampton in the future was, in part, a function of the existence of the satisfaction guarantee. The guarantee was important in their selection of a hotel.

Individual Groups

For those who had only stayed at the Hampton Inn-San Diego/Kearny Mesa previously, the likelihood of staying at another Hampton Inn in the future was not a function of the existence of the guarantee. But for those who had stayed at

the Hampton Inn-San Diego/Kearny Mesa or other Hampton Inns, the likelihood of staying at another Hampton Inn in the future was a function of the existence of Hampton Inns' 100% unconditional satisfaction guarantee. The guarantee influenced their decision to stay at another Hampton Inn.

For those who had never stayed in a Hampton Inn, their likelihood of staying at another Hampton in the future was a function of the existence of Hampton Inns' 100% unconditional satisfaction guarantee. Their decision was influenced by the guarantee. For those who had previously stayed in a Hampton Inn, on the other hand, likelihood of staying at another in the future was inversely related to the influence of the guarantee. This was a surprising finding. However, the likelihood of staying at another Hampton Inn increased as the rating of the importance of a guarantee to their selection increased. It can only be concluded from this analysis that the likelihood of returning to a Hampton Inn was a function of the existence of the guarantee only. Clearly, the response was mixed between guarantee influence and importance. Perhaps this finding may be explained by misinterpretation of the questionnaire item. Another reason may be due to the extremely small sample size.

In summary, the likelihood of a respondent returning to another Hampton Inn was a function of the 100% guarantee for those guests who were staying at the Hampton Inn-San Diego/Kearny Mesa for the first time and for those guests who were returning to the Hampton Inn-San Diego/Kearny Mesa. The only group for which the likelihood of returning to another Hampton Inn was not a function of the 100% guarantee was the subgroup who had only previously stayed at the Hampton Inn-San Diego/Kearny Mesa. For these people the likelihood they would return to another Hampton Inn was a function of the quality of the Hampton Inn-San Diego/Kearny Mesa stay.

It is also important to point out another finding as related to the relationship of quality and returning to another Hampton Inn. The quality rating of the current stay was significant in predicting the likelihood of the respondent returning to other Hampton Inns for the three groups who had previously stayed in the Hampton Inn-San Diego/Kearny Mesa suggesting that it was the quality they encountered at the Hampton Inn - San Diego/Kearny Mesa that would bring them back to another Hampton Inn.

Question 2

The second question of the study asked to what extent was the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee. To answer the second research question, the demographic and hotel variables were regressed on responses to the survey question about the likelihood the respondent will return to the Hampton Inn-San Diego/Kearny Mesa in the future.

The results for the two combined groups are discussed first: a) those respondents who have returned to Hampton Inn-San Diego/Kearny Mesa; and b) those respondents for whom this is the first time at Hampton Inn-San Diego/Kearny Mesa. Then the results are examined for the four small groups: a) those who just stayed at Hampton Inn-San Diego/Kearny Mesa; b) guests who stayed at the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns; c) first-time guests who never stayed at another Hampton Inn; and d) those who just stayed at other Hampton Inns.

The Returned Combined Group

The first combined group that was analyzed to answer the second research question consisted of those who had returned to the Hampton Inn-San Diego/Kearny Mesa (n =

180), some of whom had also stayed at other Hampton Inns and some guests who had stayed only at the Hampton Inn in San Diego.

Table 10 provides the data regarding the likelihood of returnees to return to the Hampton Inn-San Diego/Kearny Mesa ($n = 15$). Again, regressions were run on the

Table 10

Likelihood of People Who Returned to Hampton Inn-San Diego/Kearny Mesa to Return to Hampton Inn-San Diego/Kearny Mesa Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Quality rating	0.94	0.07	13.33***
Importance of guarantee	0.04	0.03	1.43

Note. $R^2 = .55$ $F = 106.8, p < .01$
 *** $p < .01$

Table 11

Likelihood of People With First Stay at Hampton Inn-San Diego/Kearny Mesa to Return to Hampton Inn-San Diego/Kearny Mesa Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Quality rating	0.90	0.11	8.05***
Importance of guarantee	0.12	0.07	1.81*

Note. $R^2 = .77$ $F = 106.8, p < .01$

* $p < .10$ *** $p < .01$

demographic and hotel variables. As shown in Table 10, the size of the F-statistic (106.8) suggests that the variables, taken together, were significant determinants in the likelihood of returning to Hampton Inn-San Diego/Kearny Mesa in the future. The t-statistics displayed statistically non-zero coefficients for the individual variables quality rating of the current stay and importance of the guarantee.

This model (Table 10) may be interpreted in the following manner. The likelihood that the respondent will stay at the Hampton Inn-San Diego/Kearny Mesa in the future:

1. increased as the quality rating of the current stay increased. (The likelihood rating increases by 0.94 (10.4%) or each point increase in the quality rating.)
2. increased as the respondent's rating of the importance of the guarantee increased. (The likelihood rating increases by 0.04 (.4%) for each point increase in the rating for the importance of the guarantee in the selection of a hotel.)

The First Time Combined Group

The results of the analysis for those guests who stayed for the first time at the Hampton Inn-San Diego/Kearny Mesa (n = 37) are presented in Table 11. As previously noted, due to the small sample size of the two groups they were combined into one group of guests who were at the Hampton Inn-San Diego/Kearny Mesa for the first time.

As shown in Table 11 on the previous page, the size of the F-statistic (57.8) suggests that the variables, taken together, were significant determinants in the likelihood that first timers would return to the Hampton Inn-San Diego/Kearny Mesa in the future. The t-statistics displayed statistically non-zero coefficients for the individual variables quality rating of the current stay and importance of the guarantee.

This model (Table 11) may be interpreted in the following manner. The likelihood a first timer would stay at the Hampton Inn-San Diego/Kearny Mesa in the future:

1. increased as the quality rating of the current stay increased. (The likelihood rating

increases by 0.90 (10.0%) for each point increase in the quality rating.)

2. increased as the respondent's rating of the importance of the guarantee increased. (The likelihood rating increases by 0.12 (1.3%) for each point increase in the rating for the importance of the guarantee in the selection of a hotel.)

Individual groups

As with the analysis for Question 1, even though the sample sizes for the individual groups were small, stepwise regression was still used to analyze the data from these samples. The intent was to determine if the small groups would yield insights into the results for the two larger groups.

The regression results for the small groups of people who were returning to the Hampton Inn-San Diego/Kearny Mesa are presented first. These results are then compared to the combined group of returnees to the Hampton Inn-San Diego/Kearny Mesa guests to determine if any insights would emerge. Then any nuances that add insights into the results for the larger group are discussed.

Individual Groups Combined for Returning Guests

The two groups that were combined to form the Return Guest to Hampton Inn-San Diego/Kearny Mesa group were: a) guests who had only stayed in the Hampton Inn-San Diego/Kearny Mesa; and b) guests who had stayed in Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns. The regression results for these two smaller groups are discussed below.

The first subgroup to be analyzed were those who only stayed in the Hampton Inn-San Diego/Kearny Mesa (n=42). Table 12 presents the results. As shown in Table 12, the size of the F-statistic (15.61) suggests that the variables, taken together, were significant determinants in the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future. The t-statistics displayed statistically non-zero coefficients for the individual variables age, and quality rating of the current.

The results for the combined group of returning to the Hampton-Inn San Diego/Kearny Mesa guest were compared with the subgroup of guests who had stayed at Hampton Inn-San Diego/Kearny Mesa before to determine if any insights would emerge. For the combined group the likelihood the guest would return to the Hampton Inn-San

Diego/Kearny Mesa was related to the quality of the current stay and the importance of the guarantee in making the decision to stay at a hotel. For the subgroup of guests who had stayed at the Hampton Inn-San Diego/Kearny Mesa the likelihood they would return to the Hampton Inn-San Diego/Kearny Mesa had a weak inverse relationship with age. The likelihood was related to the quality rating of the current stay. It was not related to the importance of the guarantee. This suggests that for those guests whose only exposure to Hampton Inns was the Hampton Inn-San Diego/Kearny Mesa, the likelihood they will return to Hampton Inn-San Diego/Kearny Mesa is related to the quality of this stay rather than the Hampton Inn global 100% guarantee.

The next group to be assessed were those who stayed in the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns ($n = 138$). Table 13 presents the results of the analysis. As shown in Table 13, the size of the F-statistic (70.95) suggests that the variables, taken together, were significant determinants in the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future. The t-statistics displayed statistically non-zero coefficients for the

individual variables age, quality rating of the current stay, guarantee influence on future stay in the Hampton Inn-San Diego/Kearny Mesa.

Table 12

Likelihood of People Who Have only Stayed at Hampton Inn-San Diego/Kearny Mesa to Return to Hampton Inn-San Diego/Kearny Mesa Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Age	-0.02	0.01	1.62
Quality rating	0.49	0.09	5.39***
Note. $R^2 = .45$ $F = 15.61, p < .01$ *** $p < .01$			

The results for the combined group of returning to the Hampton-Inn San Diego/Kearny Mesa guest were compared with the subgroup of guests who had stayed at both the other and the San Diego/Kearny Mesa Hampton Inns before to determine if any insights would emerge. For the combined group the likelihood the guest would return to the Hampton Inn-San Diego/Kearny Mesa was related to the quality of the current stay and the importance of the guarantee in making the decision to stay at a hotel. For the subgroup of guests who had stayed at both the San Diego/Kearny Mesa and other Hampton Inns the likelihood they would return to the Hampton Inn-San Diego/Kearny Mesa had a weak relationship to age. This is the opposite from the other subgroup of those guests who had previously only stayed at Hampton-Inn San Diego/Kearny Mesa. The likelihood the subgroup of guests who had stayed at both the San Diego/Kearny Mesa and other Hampton Inns was related to the quality rating of the current stay and the importance of the guarantee. This suggests that for those guests who had exposure to the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns, the likelihood they will return to the Hampton

Inn-San Diego/Kearny Mesa is related to two variables:

a) importance of the guarantee which they had been exposed to at other Hampton Inns and b) the quality of the current stay at Hampton Inn-San Diego/Kearny Mesa.

Table 13

Likelihood of People Who Have Stayed at Hampton Inn-San Diego/Kearny Mesa and Other Hampton Inns to Return to Hampton Inn-San Diego/Kearny Mesa Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Age	0.01	0.01	1.61
Quality rating	1.05	0.08	12.67***
Guarantee influence future stay	0.05	0.03	1.80*

Note. $R^2 = .61$ $F = 70.95, p < .01$
 * $p < .10$ *** $p < .01$

In summary, for the returning guests the likelihood they will return to the San Diego/Kearny Mesa Hampton Inn was related to the quality rating of the current stay. Both of the returning small groups indicated a significant relationship between the quality rating of the current stay and the likelihood they will return. For the guests who had only stayed at the Hampton Inn-San Diego/Kearny Mesa, the guarantee variables were not related to the likelihood they would return. However, for the guests who had stayed at other Hampton Inns, the guarantee influence was related to the likelihood they would stay at the Hampton Inn-San Diego/Kearny Mesa.

Individual Groups Combined for First Time Guests

The two groups that were combined to form the First Time Guest were: a) guests who had never previously stayed at another Hampton Inn; and b) guests who have stayed in other Hampton Inns. The regression results for these two smaller groups are discussed below.

As shown in Table 14, the size of the F-statistic (10.73) suggests that the variables, taken together, were significant determinants in the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future. The t-statistics displayed statistically significant non-zero

coefficients for the individual variables age and quality rating of the current stay.

The results for the combined group of first time Hampton Inn-San Diego/Kearny Mesa guests were compared with the subgroup of guests who had never stayed at any Hampton Inn before to determine if any insights would emerge. For the combined group the likelihood the guest would return to the Hampton Inn-San Diego/Kearny Mesa was related to the quality of the current stay and the importance of the guarantee in making the decision to stay at a hotel. For

Table 14

Likelihood of People Who Have Never Stayed at a Hampton Inn to Return to Hampton Inn-San Diego/Kearny Mesa Regressed on the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-Statistic
Age	0.03	0.02	1.79*
Quality rating	0.64	0.16	4.05***

Note. $R^2 = .64$ $F = 10.73, p < .01$
 * $p < .10$ *** $p < .01$

the subgroup of guests who had never stayed at any Hampton Inn, the likelihood they would return to the Hampton-Inn San Diego/Kearny Mesa was also related to the quality of the current stay, but not to the importance of the guarantee in making hotel stay decisions. The subgroup guests were also more likely to return to the Hampton-Inn San Diego/Kearny Mesa as they aged. Age was not a significant factor for the combined group. This suggests that for those guests whose only exposure to Hampton Inns was the Hampton Inn-San Diego/Kearny Mesa, there likelihood of returning to Hampton Inn-San Diego/Kearny Mesa is related to the quality of this stay rather than the Hampton Inn global 100% unconditional satisfaction guarantee.

Table 15 presents the data related to respondents who have stayed in other Hampton Inns ($n = 22$). As shown in Table 15, the size of the F-statistic (21.74) suggests that the variables, when taken together, were significant determinants in the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future.

The t-statistics displayed statistically non-zero coefficients for the individual variables personal/business, gender, quality rating of the current stay,

guarantee influence on future stay in the Hampton Inn-San Diego/Kearny Mesa, importance of the guarantee.

The results for the combined group of first time Hampton-Inn San Diego/Kearny Mesa guest were compared with guests who had stayed at other Hampton Inns before to determine if any insights would emerge. For the combined group the likelihood the guest would return to the Hampton Inn-San Diego/Kearny Mesa was related to the quality of the current stay and the importance of the guarantee in making the decision to stay at a hotel. For the subgroup of guests who had stayed at other Hampton Inns before, the likelihood they would return to the Hampton Inn-San Diego/Kearny Mesa was also related to the quality rating of the current stay and the importance of the guarantee. In addition weak relationships indicated that this subgroup of guests were more likely to return to Hampton Inn-San Diego/Kearny Mesa if they were males and their stay was for personal reasons. There was a weak inverse relation of the likelihood the subgroup would return to Hampton Inn-San Diego/Kearny Mesa with the importance of the guarantee. This was also true of this group's likelihood of returning to another Hampton Inn as discussed earlier. The only significant relationships for the subgroup of guests who had stayed at

other Hampton Inns was the same as for the combined group of first time Hampton Inn guests. That is, the likelihood they will return to the Hampton Inn-San Diego/Kearny Mesa increases with their rating of the importance of the guarantee (which they had been exposed to at other Hampton Inns) and their rating of the quality of the current stay at Hampton Inn-San Diego/Kearny Mesa.

Table 15

Likelihood of People Who Have Stayed at Other Hampton Inns
to Return to Hampton Inn-San Diego/Kearny Mesa Regressed on
the Demographic and Hotel Variables

Variable	Estimated Coefficient	Standard Error	t-statistic
Personal/business	-0.61	0.61	1.00
Gender	-0.67	0.61	1.10
Quality rating	1.02	0.15	7.02***
Guarantee influence on future stay	-0.10	0.10	1.04
Importance of guarantee	0.28	0.11	2.58**

Note. $R^2 = .89$ $F = 21.74, p < .01$
 ** $p < .05$ *** $p < .01$

In summary, for the combined group of first time guests, the likelihood that they would return to the Hampton Inn-San Diego/Kearny Mesa was related to the quality rating and to the importance of the guarantee in selecting a hotel. For both small groups, the quality rating was related to the likelihood that they would return. For those individuals who had stayed at other Hampton Inns, the importance of the guarantee was also significant. For those individuals who had not stayed at another Hampton Inns, the importance of the guarantee was not significant. It is important to mention that those guests who had stayed at other Hampton Inns had been exposed to the guarantee in their previous hotel stays and perhaps this had an influence on their feelings about the importance of the hotel's guarantee.

Answers to Research Question 2

From these analyses the second question may now be answered. This question asked to what extent was the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa a function of the existence of the 100% unconditional satisfaction guarantee. In determining to what extent the likelihood of returning to Hampton Inn-San Diego/Kearny Mesa was a function of the existence of the 100%

unconditional satisfaction guarantee, the likelihood varied according to type of group. These may be separated and summarized as follows.

Combined Groups

For those respondents who were returning to the Hampton Inn-San Diego/Kearny Mesa, the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future was also a function of the existence of Hampton Inns' 100% unconditional satisfaction guarantee. For those respondents who were staying at the Hampton Inn for the first time the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future was a function of the existence of the 100% unconditional satisfaction guarantee. The guarantee was important in their selection of a hotel. Again, the guarantee was important in the respondents' selection of a hotel.

Individual Groups

For those who had previously stayed in another Hampton Inn, likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future was inversely related to the influence of the guarantee. Yet the likelihood of staying at the Hampton Inn-San Diego/Kearny Mesa increased as the respondents' rating of the importance of a guarantee

to their selection increased. Although the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa was a function of the existence of the guarantee, the response was mixed for the rating of the influence and the importance of the guarantee.

For those who had stayed at the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns, the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future was a function of the existence of the 100% unconditional satisfaction guarantee. The guarantee influenced their decision to stay at the Hampton Inn-San Diego/Kearny Mesa in the future.

An important relationship was also found between the factors of quality and returning to the Hampton Inn-San Diego/Kearny Mesa. Specifically, the quality rating of the current stay was found to be significant in predicting the likelihood of the respondents returning to the Hampton Inn-San Diego/Kearny Mesa for all six groups.

In summary, for the returning guests the likelihood they will return to the Hampton Inn-San Diego/Kearny Mesa was related to the quality rating of the current stay. Both of the returning small groups indicated a significant relationship between the quality rating of

the current stay and the likelihood they will return. For the guests who had only stayed at the Hampton Inn-San Diego/Kearny Mesa, the guarantee variables were not related to the likelihood they would return. However, for the guests who had stayed at other Hampton Inns, the guarantee influence was related to the likelihood they would stay at the Hampton Inn-San Diego/Kearny Mesa.

For those respondents who had never previously stayed in any Hampton Inn, likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future was not a function of the existence of Hampton Inns' 100% unconditional satisfaction guarantee. For those individuals who had stayed at other Hampton Inns previously, the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa in the future was a function of the existence of the guarantee. In summary, for the combined group of first time guests the likelihood they would return to the Hampton Inn-San Diego/Kearny Mesa was related to the quality rating and also to the importance of the guarantee in selecting a hotel. For both small groups the quality rating was related to the likelihood they would return. For those who had stayed at other Hampton Inns the importance of the guarantee was significant, however, for those who had not

stayed at any Hampton Inns, the importance of the guarantee was not significant. Those individuals who had stayed at other Hampton Inns had been exposed to the guarantee in their previous stays.

Chapter Conclusion

The purpose of this chapter was to present and analyze the data that was collected from administration of the study's survey questionnaire instrument. The first section presented a demographic profile of the sample. It was determined that the average study respondent was male, about 44 years old, stayed at any hotel an average of 29 days a year, and stayed at the Hampton Inn-San Diego/Kearny Mesa for business reasons.

The next section described the model that was developed and estimated to answer the study's two research questions. Four sample groups were assessed in the model. These included first-time guests who never stayed at another Hampton Inn; those who just stayed at other Hampton Inns; those who just stayed at Hampton Inn-San Diego/Kearny Mesa; and guests who stayed at the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns. For the main analysis, groups were combined into two, however, because the sample sizes in three of the groups were small: guests who stayed

for the first time at the Hampton Inn-San Diego/Kearny Mesa and guests who returned to stay at the Hampton Inn-San Diego/Kearny Mesa. The first group was comprised of 37 participants and the second, 180 guests. The total sample was comprised of 217 individuals.

The independent variables separated into two separate groups: four demographic variables and three hotel factors. The hotel variables included QUALITY (Overall, how would you rate the quality of your stay); GTD (how much did the 100% unconditional satisfaction guarantee influence your likelihood of staying at a Hampton Inn); and IMPORTA (how important was the 100% unconditional satisfaction guarantee when selecting a hotel). Demographic variables consisted of age, gender, purpose of stay (business or personal), and total nights stayed in any hotel in the last year.

From these variables and groups, six models were estimated, one for each individual group and one for each combined group. To determine which variables should be included in the final model, backwards-stepwise regression was performed.

The analyses to answer the questions were presented next. In determining to what extent the likelihood of returning to Hampton Inn-San Diego/Kearny Mesa was a

function of the existence of the 100% unconditional satisfaction guarantee the likelihood of return varied according to type of group. It is also found that the quality rating of the current stay was significant in predicting the likelihood of the respondents returning to the Hampton Inn-San Diego/Kearny Mesa for the three groups who had previously stayed in the Hampton Inn-San Diego/Kearny Mesa.

These results are discussed in more detail in the next and final chapter of the investigation. Findings from the literature that support this study's results are also included in the final chapter. From the current study's findings, implications for policy and future research are presented.

Chapter Five

Summary, Conclusions, and Recommendations

Introduction

If hotels are to remain viable in today's highly competitive environment, they must motivate guests not only to visit their facilities, but also to return. In fact, gaining and holding a loyal customer base is a key corporate challenge today in an increasingly competitive marketplace (Gundersen, Heide, & Olsson, 1996). Growing competition has taken the hotel industry into new areas of the loyalty business. Specifically, they try to attract and hold customers with such things as familiarization tours, vouchers and mailings, as well as traditional advertising. While marketing ideas continue to be developed, there is still much confusion over what creates customer loyalty.

Quality-management approaches and concepts of customer loyalty have evolved over time. Initially quality meant conformance to standards and was linked with craftsmanship, then evolved to mean the absence of problems. Strategic quality management transformed hotel quality into a potent

competitive weapon, not just a potential problem area, thus shifting the relationship between customers and hotels. Customers determined which dimensions of quality were important and linked quality with satisfaction. Today, sustainable competitive quality extends beyond traditional hotel boundaries. At the present time, quality and satisfaction translate into loyalty-producing relationships.

The purpose of the study reported in this document was to identify the effects of the Hampton Inns' 100% unconditional satisfaction guarantee on customer loyalty. This chapter briefly reviews the study with its methods and findings first, presents conclusions from the findings second, and interprets and discusses findings third. Fourth, implications for policy and practice are considered. Finally, suggestions for further research study are presented.

Review of the Study and Its Findings

As noted, the specific goal of the investigation was to determine the impact of the 100% unconditional satisfaction guarantee on the loyalty of the returning and the new guests at the Hampton Inn-San Diego/Kearny Mesa. Customer loyalty was defined in the study as the self

reported intention of guests at the Hampton Inn-San Diego/Kearny Mesa to return to: (a) that property; and (b) the Hampton Inn hotel chain in general.

The sample consisted of Hampton Inn-San Diego/Kearny Mesa guests from March 1, 2003 to March 31, 2003; all guests during this period were asked to complete questionnaires (See Appendix A). A total of 3,654 surveys were distributed and a total of 213 guests returned completed surveys and thus became the study subjects.

Initially, these 213 guests were divided into four customer groups: (a) those who just stayed at Hampton Inn-San Diego/Kearny Mesa; (b) guests who stayed at the Hampton Inn-San Diego/Kearny Mesa and other Hampton Inns; (c) first-time guests who never stayed at another Hampton Inn; and (d) those who had stayed at other Hampton Inns but not at the Hampton Inn-San Diego/Kearny Mesa prior to this visit. These four groups were combined into the following two groups because of small sample sizes: (a) guests who returned to stay at the Hampton Inn-San Diego/Kearny Mesa (Returnees); and (b) guests who stayed for the first time at the Hampton Inn-San Diego/Kearny Mesa (First Timers).

The two dependent variables of the study were self-report data about: (a) the likelihood of frequenting another Hampton Inn; and (b) the likelihood of returning to

the Hampton Inn-San Diego/Kearny Mesa. These data came from survey items.

The remainder of the survey items were translated into independent variables. Some related to hotel factors: (a) quality of the stay; (b) the influence of the guarantee on the decision to stay at the Hampton Inn in San Diego; (c) the influence of the 100% unconditional satisfaction guarantee on the decision to stay at other Hampton Inns; and (d) importance of the 100% unconditional satisfaction in selecting a hotel. Other variables related to demographic factors: (a) age; (b) gender; (c) purpose of stay (business or personal); and (d) the total nights stayed in a hotel in the last year. Regression models were used to establish a relationship between the two dependent variables and the independent variables.

Conclusions

The study generated the following findings:
Question 1 asked: To what extent is the likelihood of returning to a Hampton Inn a function of a 100% unconditional satisfaction guarantee? For both the Returnees and the First-timers, there was a significant relationship between the likelihood of returning to another Hampton Inn and the importance of the guarantee in

selecting a hotel. The likelihood increased as the respondent's rating of the importance of the guarantee increased. Other findings and nuances related to question 1 are listed below:

Quality - For the returnee combined group (and each subgroup) as the quality rating increased the likelihood of returning to another Hampton Inn increased. However, for the first-timers combined group (and each subgroup) there was no significant relationship of quality rating to likelihood of returning to another Hampton Inn.

Demographic variables - For the returnee combined group, the relationship of the likelihood to return to another Hampton Inn to the demographic variables are: (a) increases with age; (b) increases with the number of nights stayed in a hotel in the past year; (c) decreased if the reason for the stay was business. These relationships were also true for the subgroup of guests who had stayed at both the Hampton Inn-San Diego/Kearney Mesa and other Hampton Inns. However, there were no significant demographic relationships for the subgroup of people who had only stayed at the Hampton Inn-San Diego/Kearney Mesa previously.

For the combined group of first-timers, there was no significant relationship between the likelihood to return to another Hampton Inn and the demographic variables.

However, there were relationships for the first-timers subgroups. For the guests who had never stayed at any Hampton Inn the likelihood of returning to another Hampton Inn increased if the guest was female and with the guest's age and decreased as the number of nights spent in a hotel in the past year increased. For the guests who had stayed at other Hampton Inns, the likelihood of returning to another Hampton Inn decreased if the guest was female, as the guest aged, as the number of nights spent in a hotel in the past year increased, and if the stay was for business reasons.

Question 2 asked: To what extent is the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa a function of a 100% unconditional satisfaction guarantee? For the Returnees there was no significant relationship between the likelihood of returning to the Hampton Inn-Kearny Mesa and the importance of the 100% guarantee. However, for the First-timers there was a significant relationship between the likelihood of returning to Hampton Inn-San Diego/Kearny Mesa and the importance of the guarantee in selecting a hotel. The likelihood of returning increased as the respondent's rating of the importance of the guarantee increased. Other findings and nuances related to question 2 are listed below:

Quality - For the returnee combined group (and each subgroup) as the quality rating increased the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa increased. This was also true for the first-timers combined group (and each subgroup), as the quality rating increased the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa increased.

Demographic variables - For the Returnee (and each subgroup) combined group, none of the demographics were significantly related to the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa. For the First-Timer combined group, there were also no significant relationships to any of the demographic variables. However, within the individual First-timer groups for the guests who have never stayed at any Hampton Inn, the likelihood of returning to the Hampton Inn-San Diego/Kearny Mesa increased as age increased.

Interpretation and Implications for Policy and Practice

Competition and dynamic business environments have made achieving quality an essential part of organizational success, especially in the service industry. High quality provides a sustained competitive advantage. Competitive quality refers to designing, implementing, and continuously

adapting systemic transformations to provide efficient, extraordinary, value-added outcomes that are important to a wide range of hotel industry stakeholders. Competitive quality is based on continuous improvement, teamwork, a customer orientation, and trust. Trust has been identified as a key factor in sustaining customer loyalty in service sector industries and can be improved by increasing quality of service. Quality of service in turn increases customer loyalty which is of special importance in the hotel industry where most segments are mature and competition is extremely intense. An important conclusion of the present study related to the finding of an important relationship between quality and returning to the Hampton Inn-San Diego/Kearny Mesa, although this was not the primary focus of the present investigation. This finding has implications for overall management at Hampton Inns. Quality of service must be continually improved and monitored in a team building environment, one that empowers line employees and management personnel alike.

However, the existence of the 100% unconditional satisfaction guarantee is equally important. But it is not known if there was a specific relationship between the guarantee and quality of service because this question was outside the design parameters of the present investigation.

Future design could take this into consideration and address this relationship specifically, both with regard to those who have stayed at Hampton Inns before and those who have never stayed in any Hampton Inn.

With regard to likelihood of staying at another Hampton Inn in the future as a function of the existence of the 100% unconditional satisfaction guarantee, it was also noted in the conclusions that there were differences between genders for those who never stayed at any Hampton Inn. Likelihood for females was greater as compared to males. Are first time females more likely to be influenced by the 100% unconditional satisfaction guarantee as compared to males? Perhaps they were less influenced by quality than the existence of the guarantee itself.

Of interest was the fact that the reverse was true for those who had stayed in other Hampton Inns. Likelihood the respondent will stay at another Hampton Inn in the future as a function of the existence of the 100% unconditional satisfaction guarantee increased if the respondent was a male. This finding again has implications for service quality improvement, but more so for women than men. The findings imply that women who stay at the Hampton Inn for the first time are influenced by the existence of the 100% unconditional satisfaction guarantee, but women who have

already stayed at a Hampton Inn are less influenced than their male counterparts by this guarantee. Why is this true? What has changed in their attitudes toward the Hampton Inn after their first stay?

Simply because a hotel offers a 100% unconditional satisfaction guarantee does not ensure the highest quality of hotel service possible. Maybe females were more influenced by quality upon their return because now they knew the difference as compared to the first time they stayed in a Hampton Inn, but again this was outside the design parameters of the present research. Quality may have decreased from one Hampton Inn to another or from one stay at the same Hampton Inn to another which influenced returning females to be less influenced by the guarantee because females will less frequently complain to management about quality issues as compared to their male guest counterparts.

Clearly, this finding has implications for management change in general and policy change, specifically. There are also implications for future study, focused on a more detailed examination of males and females demographics as well as attitudes.

Recommendations for Future Research

The present investigation was small and preliminary. Consequently, additional research that explores the impact of satisfaction guarantees on customer loyalty is needed. The following sorts of studies are recommended:

1. Studies that replicate what was done in this study but with larger and more diverse samples.
2. Longitudinal studies that replicate the sort of work reported here over an extended time period to detect changing trends in guests' perceptions over time (and, possibly, as a response to changes that have been implemented).
3. Studies that specifically focus on differences between male and female attitudes toward the 100% unconditional satisfaction guarantee. Such a study should include those who never before stayed at a Hampton Inn and those who have returned to identify why differences between male and female attitudes were found in the present investigation.
4. Studies that specifically focus on a specific relationship between quality of service and the 100% unconditional satisfaction guarantee offered by the Hampton Inns.

Conclusion

The results of the study indicate for the likelihood of a guest visiting another Hampton Inn, the 100% unconditional satisfaction guarantee is significant for guests with prior experience staying with Hampton Inn. Implying an experienced guest knows all Hampton Inns are not alike and the guarantee is an important safeguard. For the returnees, the quality of the current stay at Hampton Inn-San Diego/Kearney Mesa is also related to the likelihood the guest will stay at another Hampton Inn. Implying that the quality of a Hampton Inn with which they are familiar will generalize to other Hampton Inns.

Returning guests to the Hampton Inn-San Diego/Kearny Mesa indicate the guarantee is not significant. Only the quality of the current stay was significant. This may imply if the product and services are known and are of high quality, there is no need for a guarantee. First time Hampton Inn customers indicated the guarantee as well as the quality of the current stay is related to the likelihood they will return to Hampton Inn-San Diego/Kearny Mesa. Perhaps for these people, the product is not as well known (only one visit) and they would also rely on the guarantee in their decision to return.

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Survey Questionnaire

Hampton Inn - San Diego/Kearny Mesa

- (1) During this stay were you aware of the Hampton Inn 100% Unconditional Satisfaction Guarantee?

Yes

No

- (2) Overall, how would you rate the quality of your stay?

Very Poor

1

2

3

4

5

6

7

8

Excellent

9

- (3) If you return to San Diego, what is the likelihood of you staying at this Hampton Inn?

Not Likely

1

2

3

4

5

6

7

8

Very Likely

9

- (3a) How much did the quality of your current stay influence your answer to question 3?

Not Influential at all

1

2

3

4

5

6

7

8

Very Influential

9

- (3b) How much did the 100% Unconditional Satisfaction Guarantee influence your answer to question 3?

Not Influential at all

1

2

3

4

5

6

7

8

Very Influential

9

- (4) In general, what is the likelihood of you staying at other Hampton Inns in the future?

Not Likely

1

2

3

4

5

6

7

8

Very Likely

9

- (4a) How much did the quality of your current stay influence your answer to question 4?

Not Influential at all

1

2

3

4

5

6

7

8

Very Influential

9

- (4b) How much did the 100% Unconditional Satisfaction Guarantee influence your answer to question 4?

Not Influential at all

1

2

3

4

5

6

7

8

Very Influential

9

- (5) How important is a 100% Unconditional Satisfaction Guarantee when selecting a hotel?

Not Important

1

2

3

4

5

6

7

8

Very Important

9

- (6) In the past 12 months, not including your current stay at this Hampton Inn, approximately how many nights did you stay at:

This Hampton Inn
Other Hampton Inns
Non Hampton Inns

- (7) What is the main purpose of this stay?

Personal/Pleasure

Work/Business

Survey Questionnaire**Hampton Inn - San Diego/Kearny Mesa**

(8) Are you male or female?

Male

Female

(9) What is your age?

(10) Are there other factors that may influence your likelihood of returning to this Hampton Inn?
