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Enhancing Gust's Loyalty in Luxury Hotel through Hotel's Ambience

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Abstract
Hotel guest loyalty is of the utmost importance given the competitive nature of the lodging sector. The increasing expansion of hotels into other hospitality and related areas amplifies the continuing importance of guest loyalty and the need to ensure guests 'recurring reservations at a perceived favorite hotel.in the customer oriented era, relationship with customers in the all of purchasing cycle and its effect on customer satisfaction and loyalty has become a vital duty for hoteliers . Moreover, the impact of physical environment on consumer behavior, is particularly apparent for service business such as hotels. Based on the reviewed literature study about effect of Electronic customer relationship management (e-CRM)on customer loyalty through customer satisfaction considering moderating effect of hotel's ambience on the relationship between Electronic customer relationship management (e-CRM)and customer satisfaction as well as customer satisfaction and customer loyalty is few and far between .Therefore, the objective of the study is to examine the effect of Electronic customer relationship management (e-CRM) on customer loyalty through customer satisfaction considering the moderating effect of hotel ambiance on the proposed relationships. A quantitative methodology using a cross-sectional survey method was used to investigate the relationship between variables. Data were collected from a convenience sampling of 384 guests of four and five- star hotels in Kuala Lumpur. The overall response rate was 66.74% (n=276). The relationships between variables were examined using structural equation modelling (SEM) technique and partial least squares (PLS) software was used. The results revealed there is a direct and significant relationship between Electronic customer relationship management (e-CRM) and customer satisfaction. Moreover, the results disclosed Electronic customer relationship management (e-CRM) through the mediating variable customer satisfaction has a positive effect on customer loyalty. Furthermore, the results confirmed that the relationship between Electronic customer relationship management (e-CRM) and customer satisfaction as well as customer satisfaction and loyalty has been moderated by hotel's ambience. The study applied S-O-R, to develop a new theoretical framework to provide a new way to enhance customer loyalty in four and five star hotels through examining the moderating effect of hotel's ambiance on the relationship between ECRM and customer satisfaction and loyalty . Therefore, the study has provided a new scholarly evidence to enhance   customer loyalty in the luxury four and five-star hotel. Moreover, the study provides a new approach to hoteliers to increase customer satisfaction and loyalty.
Keywords: Electronic Customer Relationship Management (ECRM), Customer Satisfaction (CS), Customer loyalty (CL) and Hotel's Ambience, Stimulus-Organism-Response (S-O-R).

I.   Introduction

The Malaysia Tourism Transformation Program (MTTP) was formulated to achieve the targets of attracting 36 million international tourists. In 2014, Malaysia recorded a total of 22.9 million arrivals compared to 20.9 million for the same period in 2013. This represents a growth of 9.1% in tourist arrivals. In spite of radical growth of number of tourists which is revealed by Ministry of Tourism Malaysia, average occupancy rate of room in Kuala Lumpur's hotels especially in luxury ones has decreased slightly (Ab Hamid, Cheng and Akhir, 2011) that calls for a serious attention to the hoteliers to rethink about guests' loyalty .According to Abdul-Rahman and Kamarulzaman (2012) , Oliver (2010)

and Klaus (2014), in the customer oriented era, relationship with customers in the all of purchasing cycle and its effect on customer satisfaction and loyalty has become a vital duty for hoteliers . Moreover , the impact of physical environment on customer satisfaction and loyalty is particularly apparent for service business such as hotels (Bitner, 1992). Research on the effect of servicescapes on consumers has prospered after Bitner (1992) seminal work on the serviscape. Ambience as a part of the serviscape that is sensorial in nature includes light, sound, smell, décor, and air quality factors that influence customer behaviors such as time and money spent at a specific lodging location/on a specific lodging brand (Morrison *et al.*, 2011) and

desire to stay . Despite the informative nature of these studies, they appear to look only at the environmental aspects of consumer behavior or at individual characteristics at the expense of other behavioral facets (Eroglu and Machleit, 2008). In filling the perceived knowledge gap, the main purpose of the study is to investigate the effect of ECRM on customer loyalty through mediating variable customer satisfaction considering moderating effect of hotel's ambience on the relationship between ECRM and customer satisfaction in addition to customer satisfaction and customer loyalty. The present study attempts to investigate these research questions as follows:

To what extent ECRM influence on customer satisfaction in the four and five-star hotel in Malaysia?

To what extent customer satisfaction influence on customer loyalty in the four and five-star hotel in Malaysia?

Does hotel's ambience moderate the relationship between ECRM and customer satisfaction in the four and five-star hotel in Malaysia?

Does hotel's ambience moderate the relationship between customer satisfaction and customer loyalty in the four and five-star hotel in Malaysia?

Does customer satisfaction mediate the relationship between ECRM and customer loyalty in the four and five-star hotel in Malaysia?

II. Literature Review
2.1 Electronic Customer Relationship

Electronic customer relationship management (ECRM) is the latest technique companies are using to increase and enhance their marketing skills and capabilities. Integrating both technological and marketing elements, ECRM covers all aspects of the customer's online experience throughout the entire transaction cycle (Pre-purchase, At-purchase and Post-purchase). Jutla *et al.* (2001) describe ECRM as the customer relationship care component of e-business. Greenberg (2000) suggests that ECRM is CRM online. According to Romano Jr and Fjermestad (2003), ECRM is concerned with attracting and keeping economically valuable customers and eliminating less profitable ones. Rosen (2001) suggests that ECRM is about people, processes, and technology. There are five major non-mutually-exclusives ECRM research areas: ECRM markets; ECRM business models; ECRM knowledge management; ECRM technology and ECRM human factors, and each major area is composed of minor ones (Romano Jr and Fjermestad, 2003). In the context of e-commerce, Sterne (1996) proposes a framework to characterize online customer experience, consisting of three stages: pre-sale, sale, and after-sale interactions. Lu (2003) uses this framework to study the effects of ecommerce

functionality on satisfaction, demonstrating that ECRM features contribute differently to the satisfaction associated with each transaction stage. Following the same line, Feinberg *et al.* (2002) map the ECRM features of retail websites into the pre-sale, sale, and post-sale stages in investigating the relationship between ECRM and satisfaction. The usage of the transaction cycle framework to classify satisfaction is also supported by Khalifa and Shen (2005), who investigate the relative contribution of pre-sale, sale, and post-sale satisfaction to the formation of overall satisfaction.

2.1.1 Pre-Purchas- ECRM

The purchase decision-making process involves problem recognition, information search, and alternative Evaluation, product choice, and actual purchasing behavior, and can be divided into pre-purchase, At-purchase, and post-purchase stages (Solomon *et al.*, 2012) .The idea about pre-purchase satisfaction appears to be generally well supported in the literature, which views Pre-purchase satisfaction as a logical antecedent to purchase, since without the positive feelings towards buying some products for the first time, probably no purchase would be made. Therefore, anticipation can give rise to repurchase feelings that can drive purchase behavior. Following comprehensive literature such as Khalifa and Shen (2005) and Cheung and Lee (2005), Pre-Purchase/ECRM features can be divided into five elements: (a) Web-Site Presentation that refers of pictures, images, and information well presented on the website; (b) Access to Information which indicates How it is easy for a customer to find information about the products, prices and services,(c) Search capabilities which allow customer to specify multiple criteria for quickly retrieving the desired information; (d) information quality which refer to the accuracy , the content and the update of the information on the website ;and (e) loyalty programme . Figure 1 below presents the construct of Pre-purchase/ECRM features.

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2.1.2 At-Purchase ECRM

Linda Pacheco (1989) suggests that an effective customer satisfaction system provides management with early warning signals, which enable the avoidance of loss of market share. Following comprehensive literature such as Khalifa and Liu (2007) and Cheung and Lee (2005), At-Purchase ECRM features can be divided into five elements: Payment methods, privacy, and security, promotions, ordering tracing and dynamic pricing. Figure 2 below presents the construct of At-purchase ECRM features.

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2.1.3. Post-purchase ECRM

Gardial *et al.* (1994) suggests that Consumers' thoughts and evaluative criteria in the pre-purchase stage differ from those in the post-purchase stage. Bearden and Teel (1983) and Oliver and Swan (1989) argue that Customer satisfaction is mainly described as a post-purchase experience. Following Comprehensive literature such as Khalifa and Shen (2005) and Cheung and Lee (2005), Post- Purchase ECRM features can be divided into three elements: Problem solving, order tracking and after sale service. Figure 3 below presents the construct of Post-purchase ECRM features.

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2.2 Customer Satisfaction

Several authors believe that customer satisfaction is a complex construct. However, many definitions have been adapted in several dimensions to describe this phrase (Auka, 2012; Fecikova, 2004; Hume and Mort, 2010; Kanji and e Sá, 2002; Kumar and Barani, 2012). Customer satisfaction is widely defined as the degree of satisfaction provided by the products or services that encourages repeat purchases. Choi and Chu (2001) suggested that satisfaction is a post-purchase evaluation of a service or a product. Dimitriades (2006), however, gives a traditional approach of customer satisfaction. The author reported that it is concerned with the "disconfirmation paradigm of consumer satisfaction/dissatisfaction (CS/D)", showing that interaction between consumers' pre-purchase expectations and post-purchase evaluation is derived from CS/D. Lewis and Soureli (2006) proposed a more inclusive approach. They described customer satisfaction as the stage where customers' needs and expectations regarding a product or service are fully met or exceeded, encouraging repeat purchases and thereby brand loyalty. By contrast, some researchers follow the theory that satisfaction can be evaluated from a perspective of performance measurement. If a loyal customer is undeniably a satisfied customer, this does not imply that a satisfied customer will remain loyal (Shankar *et al.*, 2003). Shankar *et al.* (2003) go even deeper when they argue that a satisfied customer is very likely to switch to competitors. Caruana (2002) however, advocates that: "in due time, satisfied customers will be those that will be loyal" and help the company maintain sustainable growth.

2. 3 Customer Loyalty

According to Baker and Hart (2008) the term customer loyalty is used to describe the behavior of repeat customers, customers, as well as those that offer good ratings, reviews, or testimonials. Some customers do a particular company a great service by offering favorable word of mouth publicity regarding a product, telling friends and family, thus adding them to the number of loyal customers. However, customer loyalty includes much more. It is a process, a program, or a group of programs geared towards keeping a client happy so he or she will provide more business. Customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring you even more customers. However, customer loyalty is built by keeping touch with customers using email marketing, thank you cards and more, treating the employees well so they treat the customers well, showing that the institution cares and remembering what customers like and don't like, building it by rewarding them for choosing the institution over the competitors and finally building it by truly giving a damn about them and figuring out how to make them more success, happy and joyful (Kotler, 2006).

Kotler (2006) emphasized that customer loyalty can be achieved in some cases by offering a quality product with a firm guarantee. Customer loyalty is also achieved through free offers, coupons, low interest rates on financing, high value trade-ins, extended warranties, rebates, and other rewards and incentive programs. The ultimate goal of customer loyalty programs is happy customers who will return to purchase again and persuade others to use that company's products or services. This equates to profitability, as well as happy stakeholders. The concept of customer loyalty is anchored on the theory of consumer behavior which is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants.

It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Consumer behavior includes motivational theory, personality theory, and consumer behavior model among others. There are various dimensions of customer loyalty like the service quality, service features and customer

complain handling. Loyal customers are more likely to give information to the service provider.

Managing loyalty is important because it means not only managing behaviour but also managing a state of mind. Most research on customer loyalty has focused on brand loyalty; on the other hand, a limited number of researches on customer loyalty have focused on service loyalty. It is argued that the findings in the field of brand loyalty did not generalize to service loyalty for the following reasons: service loyalty is dependent on the development of interpersonal relationships as opposed to loyalty with tangible products, in case of services, the influence of perceived risk is greater and intangible attributes such as confidence and reliability are the important factors to maintain the customer loyalty in the service context (Dick and Basu, 1994). He also identified the two dimensions of loyalty (relative attitude and repeat patronage behaviour) and four categories of loyalty which include loyalty (positive relative attitude, high repeat patronage), latent loyalty (positive relative attitude, but low repeat patronage), spurious loyalty (low relative attitude, high repeat patronage), and no loyalty (low on both dimensions). Onditi (2013) pointed out that the cost of serving a loyal customer is five or six times less than a new customer. This statement shows the importance of customer loyalty. He mentioned that it is better to look after the existing customer before acquiring new customers. Gee *et al.* (2008) stated the advantages of customer loyalty which include the service cost of a loyal customer is less than new customers, they will pay higher costs for a set of products and for a company a loyal customer will act as a word-of-mouth marketing agent. The determinants of customer loyalty are service quality, service features and customer complaint handling process as discussed in the foregoing sections.

The services marketing literature suggests that customer loyalty can be defined in three distinct ways: behavioural, attitudinal, and cognitive (Caruana, 2002).The behavioural definition of loyalty, epitomised by Tucker (1964), was used as the principal conceptualisation of loyalty during the 1970s and early 1980s (Caruana, 2002). In particular, loyalty was interpreted as a form of customer behaviour directed toward a particular brand over time (Sheth and Venkatesan, 1968; Tucker, 1964). The behavioural view of loyalty is similar to loyalty as defined in the service management literature (Heskett and Schlesinger, 1994). The second definition of loyalty is Attitudinal, proposed by Day (1969), who questioned the adequacy of using behaviour as the sole indicator of loyalty. Day (1969) argued that loyalty develops as a result of a conscious effort to evaluate competing brands. After Day's pioneering work, attitude gained increasing attention

as an important dimension of loyalty (Jain *et al.*, 1987). Over time, scholars began to consider customer loyalty as having two dimensions: behavioural and attitudinal (Day, 1969; Dick and Basu, 1994). Building on this work, Jacoby (1971) provided a conceptualisation of brand loyalty that incorporated both a behavioural and an attitudinal component. The behavioural aspect of loyalty focuses on a measure of the proportion of purchase of a specific brand, while attitude is measured by positive attitudes towards a specific brand or product, resulting in admiring the specific product and/or recommending it to others (Day, 1969). According to this definition, different feelings create an individual's overall attachment to a product, service, or organisation (Dick and Basu, 1994). These feelings define the individual's degree of loyalty, which also includes consumer preferences or intentions (Day, 1969). Some researchers define customer loyalty as a cognitive process. These studies suggest loyalty to a brand name, as it appears first in a consumer's mind while making a purchase decision (Newman and Werbel, 1973). This is considered as a higher order factor and involves the consumer's conscious decision-making process in the evaluation of alternative brands before a purchase is made (Caruana, 2002) . Gremler and Brown (1996) extend the concept of loyalty to services, and their definition of service loyalty incorporates the three specific components of loyalty considered, namely: purchase, attitude and cognition. They have defined service loyalty as "The degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists" (Gremler and Brown, 1996). This definition suggests a profile of the loyal customer; as one who (a) regularly uses a service provider (Behavioural Loyalty), (b) really likes the organisation (Attitudinal Loyalty) and thinks very highly of it (Cognitive Loyalty), and (c) does not ever consider using another service provider for this service (Cognitive Loyalty). This three-dimensional definition is consistent with the operationalisation by Zeithaml *et al.* (1996) of the 'loyalty' factor in their behavioural-intentions battery. The five items they use to measure loyalty are: (a) saying positive things about the service provider, (b) recommending the service provider to someone who seeks advice, (c) encouraging close-aids to do business with the service provider, (d) considering the service provider the first choice to buy services again, and (e) having intentions of doing more business with the same service provider in the future. Thus, in effect, their measure includes items from all three dimensions of the proposed service loyalty definition listed above. The service loyalty literature suggests there are some

distinctive characteristics that make this phenomenon different from product or goods loyalty, and several discussions have embraced the case for the distinctiveness of service loyalty: (a) the nature of service loyalty is much more complex than product loyalty and the nature of services shape its characteristics (Zeithaml, 1981) ; (b) services loyalty is relatively stronger and/or more common among service consumers than among goods consumers (Zeithaml, 1981); (c) service providers have the ability to create stronger loyalty bonds with their clients, than do product suppliers (Zeithaml, 1981); (d) services provide more opportunities to service providers for person-to-person interactions with customers (Czepiel, 1990) which, in turn, often provide opportunities to develop loyalty (Czepiel, 1990); (e) services are perceived to be greater at risk as compared to goods (Murray, 1991), providing an atmosphere more likely to lead to customer loyalty since loyalty is often used as a risk-reducing device (Zeithaml, 1981); (f) services may involve certain switching barriers, not present with brand switching for goods (Zeithaml, 1981); and more recently, (g) service providers must 'earn' their loyalty but product firms can 'buy' customer loyalty by lowering their prices (Edvardsson *et al.*, 2000). The literature suggests a number of factors affecting customer loyalty in general. These factors may be classified into two groups; (a) factors external to customer such as attributes of services, service providers and their competitors and (b) factors internal to customer such as values and mood of the customer. The first group of factors which effect customer loyalty are normally external to customer such as attributes of services, service providers and their competitors. These factors are available in abundance in contemporary marketing literature. Fredericks and Salter II (1995) suggested that customer loyalty is determined by customers' perceptions of the value offered by the product or services. It implies that offering high quality or valuable products/services may increase customer loyalty. Customer's value perception has been identified as an assortment of different elements namely; (a) price, (b) service quality, (c) customer services quality, (d) innovation, and (e) brand image (Fredericks and Salter II, 1995).The model suggests that customer perceived value is affected both by individual customer needs and wants, and by the nature of the products/services. Similarly, Geller (1997) identified fifteen elements which are important for improving customer loyalty. The most significant of these were: (a) High quality, high value product, (b) customers' impressions, (c) knowledge about customers, (d) knowledge about customer's defection, and (e) positioning in customer's minds (Geller, 1997) . Recently, these fundamental conceptualisations, when applied by modern researchers to technologically enabled services, have yielded positive results.

2.4 Theoretical Framework of the Study

The purpose of the study is to examine the effect of ECRM on customer loyalty directly and through customer satisfaction regarding the moderating effect of appraisal of hotel ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty. This study seeks to examine whether ECRM has a direct and positive effect customer loyalty or whether the effect is indirect and through improved customer satisfaction resulting from service quality. Moreover, this study pursues to bring some scholarly evidence on how the improved customer satisfaction resulting from the ECRM could make possible customer loyalty. Furthermore, given the importance of interpersonal relationship and the personality trait in the service centers, this study sought to assess the moderating effect ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty. Stimulus-Organism-Response (S-O-R) Model Mehrabian and Russell (1974) is the main theoritical framework that explain and interpret the proposed relationships in the theoretical framework. In the classical S-O-R model, Stimulus is defined as those factors that affect internal states of the individual and can be conceptualized as an influence that stimulates the individual (Eroglu *et al.*, 2001). According to Bagozzi (1986), when consumer behavior is depicted as an S-O-R system, the stimuli are external to the person and consist of both marketing mix variables and other environmental inputs. In this study, the stimuli are the service quality as they affect the customer satisfaction. Organism refers to 'internal processes and structures intervening between stimuli external to the person and the final actions, reactions, or responses emitted. The intervening processes and structures consist of perceptual, physiological, feeling, and thinking activities' (Bagozzi, 1986). The original S-O-R model focused upon pleasure, arousal, and dominance (PAD). PAD represented affective, or emotional, and cognitive states and processes and mediated the relationship between the stimulus and individuals' behavioral responses (Mehrabian and Russell, 1974). In this study, positive emotional responses refer to the consumer's positive feelings toward the service quality and represent the affective aspect of the organism component as defined by Bagozzi (1986). Response in the S-O-R paradigm represents the final outcomes and the final decisions of consumers, which can be approach or avoidance behaviors (Donovan and Rossiter, 1982; Sherman *et al.*, 1997). Approach behaviors, the focus of the study, represent positive actions that might be directed toward a particular setting. For example,

intention to stay, browsing, and making purchases can be positive final actions by consumers (Mehrabian and Russell, 1974). Customer loyalty in this study represents the approach aspect of the response component. This research focuses on positive emotional responses and approach behaviors (i.e. loyalty) because hotelier struggles to create an environment that may enhance satisfaction among customer to encourage purchase behavior. According

to the theoretical framework, appraisal of hotel ambience is added as moderating valiables on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty. In summary, according to the theoretical framework, customer perceptions of ECRM would impact customer satisfaction, which in turn is expected to influence customer loyalty.
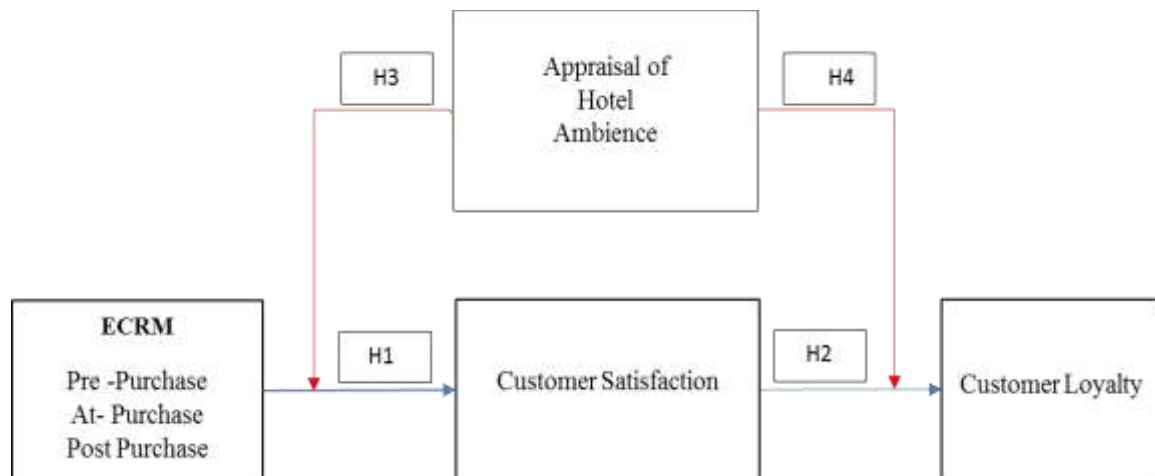

Figure 2.1: Theoretical Framework of the Study

2.5 Hypothesis Development

2.4.1 The Relationship between ECRM and Customer Satisfaction

In past business organization have invested heavily on products and their business strategies were based on products designing, pricing, distribution, but currently marketing strategies of the firms made a rapid shift and businesses focuses on customers.Nowadays companies are investing heavily on technology to retain their customers, considering that today customers are more knowledgeable, well informed of the competitors and need in time response. In reference to this customer relationship management has emerged as a source for employing relationship marketing within companies and with customers (Plakoyiannaki and Tzokas, 2002) . Since last 40 years a dramatic change has been observed in conducting business. Now due to the internet the shift from traditional business to electronic business has been observed, where dealings are based on electronic mails (e-mail), Information systems and World Wide Web (www) (Khan and Khawaja, 2013). Hence most of entrepreneurial activities, business programs and services are based on Information technology. But beside from considering technology as a source of revenue generating tool, still a little empirical research has been conducted in investigating factors responsible for determining Customer satisfaction and loyalty. Disney (1999) reported that "as

organizations become increasingly customer focused and driven by customer demands; the need to meet customers' expectation and retain their loyalty becomes more critical". Kelley *et al.* (2003) defined E-CRM as "the marketing activities, tools and techniques delivered via the Internet which includes emails, www, chat rooms e-forums etc., with an aim to locate, build and improve long term customer relationship to enhance their individual potential." In addition E-CRM also utilizes other e-technologies which include mobile telephony, customer call and contact centers and voice response systems. To examine the effect of three component of ECRM on customer satisfaction in hotel industry the following hypothesis is formulated:
H1: There is a positive relation between ECRM and customer satisfaction

2.4.2 The Relationship between Customer Satisfaction and Customer Loyalty

Customer loyalty has been defined and measured as the main consequence of customer satisfaction over the past decades . Oliver (2010) defines customer loyalty as " a deeply held commitment to re -buy or re –patronize a preferred product or service consistently in the future , despite situation influences and marketing efforts having the potential to cause switching behaviors .According to the literature on loyalty, customer loyalty has several distinct dimensions .The two most important dimensions are the Behavioral and attitudinal components (Day,

1969; Jacoby and Kyner, 1973; Yi, 1990).Earlier research conceptualized customer loyalty as a behavior (Dick and Basu, 1994; Jacoby and Chestnut, 1978). Behavioral loyalty signifies actual repeat purchasing behavior or the likelihood of repeat product /service purchases from the same supplier. Yet, recent research seems to measure loyalty attitudinally (including cognitive and/or affective components). Using this perspective, customer loyalty is perceived as future intention to repurchase or commitment that reflects the cognitive and emotional attachment associated with customer loyalty. Each of these dimensions has pros and cons .Academics find fault with the behavior -based loyalty measure, insofar as it can fail to distinguish between true and spurious loyalty. Dick and Basu (1994) assert that if behaviorally loyal customers with spurious loyalty locate a superior alternative, they will probably switch to the alternative. Day (1969) blames behavior loyalty by stating, "These spuriously loyal buyers lack any attachment to brand attributes, and they can be immediately captured by another brand that offers a better deal, which means that actual repurchase behavior is not always due to a psychological and/or emotional commitment with respect to a product or service (i.e., true loyalty). Bowen and Chen (2001) state that an individual may reside at a hotel because it has the most convenient location .Nevertheless, an individual may also change to a new hotel when it is located across the street and provides better deals. As this example illustrates, repeat purchase behavior does not always indicate commitment; rather, it may signify a random actual repeat purchase, or spurious loyalty .Yet, this spurious loyalty can be disregarded when attitudinal loyalty is the construct of interest. Shankar *et al*.(2003) also maintain that attitudinally loyal customers are not likely to change to an incrementally more attractive alternative, in that they have a certain degree of attachment or commitment to the product or service. Hence, attitudinal loyalty (or true loyalty) signifies both higher repurchase intention and refusal to consider counter -persuasions and negative expert opinion. To evaluate the effect of customer satisfaction y on customer loyalty in the hotel industry , the following hypothesis is formulated :

H2: There is a positive relationship between customer satisfaction and customer loyalty in hotel industry.

2.5 Moderation Effect of Hotel's Ambience

Ambient conditions that are part of the broader serviscape (Bitner, 1990), have long been noted as having an influence on customer satisfaction, behavioral intentions (Simpeh *et al.*, 2011) , and image (Baker *et al.*, 1994). A comfortable ambience acts to enhance customer satisfaction, serves to ensure behavioral intentions toward the service

environment and positive reviews about service, and creates a favorable image of the service or brand in the mind of the customer. Apart from influencing such variables, ambience can have a differential influence on responses from customers with different personalities. The Mehrabian and Russell (1974) of stimulus–organism–response (S–O–R) supports the personality and ambience argument. In the consumption context, the model explains how the environment evokes different consumer responses that lead to either approach or avoidance behavior toward the service environment. In perceiving atmosphere to be a much broader concept which includes the physical environment, Turley and Milliman (2000) argued that potential interactions between atmosphere and individuals' characteristics determine individuals' responses to an environment. Turley and Milliman (2000) asserted that a different environment might produce a different response in different individuals. This personality and environment interaction yielding different individual responses implies a complex relationship that can mean either of the causation factor be regarded as an independent factor with the other one being a moderator. Namasivayam and Lin (2005) for instance insisted that servicescapes can be antecedents of consumers' service/product evaluations as well as moderators of the evaluation process. Lin and Worthley (2012) proposed and verified the moderating impact of different servicescape situations on customers' post-purchase behavior. Their study was based on an experimental design in which, in order to create differential servicescapes, ambient stimuli combining colors and music were manipulated. In another study, (Lin, 2010) further tested the interactive effect of Gestalt situation that entailed a different combination of color and music in moderating arousal and emotional tendency. This study further position servicescape elements including ambience being a potential moderator with other variables being the main ones in consumer response factors. Jiang and Lu Wang (2006) in using hedonic and utilitarian service as moderators in testing the impact of affect on satisfaction noted under hedonic environments the relationship to be stronger. The way they expounded the hedonic context like Karaoke vs. utilitarian context like banking services basically boil down onto service ambience like music for instance thus further providing insights onto the potential moderation effect of ambience on the present study relationships. To investigate the moderating effect of hotel **ambience on** the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty the following were hypothesized:

H3: Hotel's ambience positively moderate the relationship between ECRM and CS in the luxury hotel.

H4: Hotel's ambience positively moderate the relationship between CS and customer loyalty in the luxury hotel.

2.6 The Mediation Effect of Customer Satisfaction

Oliver (1980)defined satisfaction as a motivation that consumers get from product and service. It is based on customers past experience and affective assessment of the service; he gets from the product or service (Storbacka *et al.*, 1994).Similarly in relationship marketing, companies are linked with CRM system that helps in building customer satisfaction. Basically the customer relationship officer and web portals with the help of E-CRM develops a positive feelings within the customer that further prompt customer in making repeated purchases, resulting in customer loyalty. According to Yang and Peterson (2004) for building a positive link between customer and the company, loyalty plays an important role. Customers get loyal with the companies only if they deliver better services than their competitors. Therefore they spend less time in evaluating products of different companies and take an immediate decision of making a purchase. Reichheld and Schefter (2000) reported that customer loyalty plays an important role in online shopping and the loyalty of the customer is based on the satisfaction he gets from the online vendor. Similarly Rosenbaum and Huang (2002) reported that the main reason for the companies to adopt E-CRM is to develop customer loyalty by increasing customer satisfaction .

H4: customer satisfaction mediates the relationship between ECRM and customer loyalty

III. Methodology

The study examine the effect of ECRM on customer loyalty through customer satisfaction considering the moderating effect of hotel ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty . A self-administrated questionnaire by using a 7-point Likert scale has been employed to operationalize the proposed constructs of the study. To ensure that the wording of this questionnaire is clear and understandable and the equivalence of the instrument is met, a pilot study is exercising prior to conducting the final survey. The pilot study is considered necessary to discover any problems in the instrument, and to determine face validity of the measures. Following the pilot study procedures, the final survey was conducted. In total, 384 questionnaires were distributed among guest of four and five star hotels in Kuala Lumpur. The Statistical Package for the Social Sciences (SPSS) version 22

was used to analyze the preliminary data and provide descriptive analyses about the thesis sample such as means, standard deviations, and frequencies. Structural Equation Modeling (SEM using smart-PLS) using Confirmatory Factor Analysis (CFA) was used to test the measurement model. SEM was conducted using the two steps. The first step includes the assessment of the measurement model, while the second step includes assessment of the structural model. The measurement model stage in this paper was conducted in two steps. This involves the assessment of the unidimensionality, followed by the assessment of reliability and validity of the underlying constructs. Reliability was investigated using both the internal consistency measures of Cronbach's alpha, construct reliability. The Validity of the instrument is assessed through convergent and discernment validity. Once the scale is developed in stage one, the hypotheses were tested in stage two (the structural model).

3.1 Scale Development

This section of the paper explains the selection of items that are used to operationalize the constructs in the theoretical framework. All scales used have been adopted and adapted from studies with valid and reliable measures through an extensive literature review that is presented in Table 3.1. In the original questionnaire, total Fifty- seven items are used to measure the constructs in the model.

---------- Insert Table 3.1 about here ----------

3.2 Target Population

The target population refers to the group of people, units, or things that at last have the same characteristics (Sekaran and Bougie, 2013).The selection of a target population is a central part of any research success (Bryman, 2012). Realistically, the decision to select specific settings sets the boundaries for the generalizability of the research, which in turn are considered as potential limitations on hypotheses generated within the conceptual framework. Hence, selecting the appropriate settings can assist the researcher in finding the most effective way to examine the proposed theories and hypothesis with confidence by obtaining conclusion about empirical findings (Eisenhardt, 1989). Within any setting, the choice of selecting an appropriate unit of analysis is based on the overall population. Based on Bryman and Bell (2011), the term 'population' defines 'the universe of units from which the sample is to be selected'. In other words, population is the totality of all the samples or elements that conform to some targeted specifications, such as group of people, companies, size, and type or similar that shares some characteristics (Zikmund *et al.*, 2012).The target population of the study is guests of the 4 and 5 star -

hotels in Kuala Lumpur. Given that the, the number of the guests are quite large, therefore, it would be too expensive and impractical to use all of the population in this study; therefore, a selected sampling frame is chosen and described in the next section.

3.3 Sample size

Sample size is an important task of any empirical study and the need to be sufficient. If the sample size is less than the estimated size the results do not meet the required reliability and validity (Hair et al., 2012). In contrast, a sample size that is too large leads to unnecessary expenditure of time, effort and finance (Bryman, 2012). Therefore, it is a critical question to know how large as ample size should be so it can be generalized for all the targeted population with reliable and trustworthy results. For the study, the sample is chosen by examining the most cited rules of thumb within multivariate analysis and the requirements of data analysis technique i.e., structured equation modelling (SEM) using CBSEM (e.g., AMOS, LISREL), component-based or variance-based (e.g., PLS) techniques, and general approaches to evaluating models using SEM. There are several approaches for determining sample size of quantitative data (Kotrlik and Higgins, 2001). These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size (Israel, 1992). Using census is not applicable here because the population is too large. Moreover, the sample size according to the Morgan table and Cochran formula is 384. As can be seen, there are no differences between sample sizes based on Morgan table and the sample size calculated by Cochran formula. Accordingly, the sample size for this study will be 384.

3.4 Data Collection

There are several types in collecting the data. Researcher should select the best way of collecting data to significantly boost the value of research because each with its own impacts (Sekaran and Bougie, 2013).In addition, data collections methods contain interview (face-to-face, telephone and electronic media), observation, projective test or questionnaire that is either personally or electronically administrated and a variety of other motivational techniques. This study relies on a self-administered questionnaire that is a set of questions for gathering data from individuals. This method has some advantages in obtaining data in terms of more efficient, time, cost and maintaining participants' privacy. Respondents of the study are guests of the 4 and 5 star - hotels in Kuala Lumpur.

IV. Data analyze

4.1 Pilot Study

It is well established in the literature that pilot study is an integral step towards developing a reliable instrument, to achieve the set objectives. The pilot study aimed to evaluate the important requirements during instrument purification e.g. testing questions wording, sequence, layout, familiarity with respondents, response rate, questionnaire completion time and analysis process (Thabane *et al.,* 2010). Accordingly, after minor revisions of the instrument in pretest, a pilot-test was performed. For the piloting, selecting small sample size is in accordance to the guidelines in literature which suggested the pilot study sample size to be generally small i.e. up to 100 respondents (Diamantopoulos and Siguaw, 2000) or between 10 to 30 (Malhotra *et al.*, 2000). The pilot test of the instrument was conducted by distributing 30 instruments among guests of the 4 and 5 star - hotels in Kuala Lumpur. By the cutoff date, all of the survey instruments were collected; out of which 6 were excluded due to large number of missing data. Thus, response rate of the pilot study was 80%. The respondents included into pilot study were not invited to participate in the final study. This is because it may influence the later behavior of the respondents if they have already been involved in the pilot study (Krieken *et al.*, 2000).

4.2 Response Rate

This study was set up to comprehensively and theoretically examines the impact of knowledge management strategy on the aforementioned companies directly and through organizational innovation capability. Of the 384 questionnaires distributed among the guests of the 4 and 5 star - hotels in Kuala Lumpur returned rate was 76.2% (n=305), from which 9.5% (n=29) questionnaires were discarded due to uncompleted sections and having large number of missing data. Finally, 66.74% (n=276) sample was selected for the final analysis percent, and the sample is acceptable to conduct SEM analysis (Hair, 2009) which is used in this study

4.3 Reliability for Pilot Study

In purifying process of the questionnaire, next stage after content validity is reliability of the questionnaire which confirms that 'measures are free from the error and therefore yields consistent results (Peterson, 1994). Moreover, exploratory factor analysis (EFA) was exercised to validate that scale designated for the study is reinforced by the data. The overall reliability of the questionnaire within piloting was $\alpha=0.942$ or 94.2% which is above than the suggested threshold 0.7 (Nunnally, 1978).The individual construct reliability ranges from 0.828 to 0.981 (see Table 4.1). The results of EFA revealed that Kaiser-Mayer-Olkin (KMO) statistics which is measurement of sampling sufficiency was higher

than minimum recommended value of 0.60 (Kaiser, 1974) for all of the constructs. In addition, significance of Bartlett's test of Sphericity in all the constructs designates that the correlation among the measurement items was higher than 0.3 and were suitable for EFA (Hair, 2009). The total variance extracted by the questions within construct were higher than 0.60 (Hair, 2009).
---------- Insert Table 4.1 about here ----------

4.4 Measurement Model

The structural equation modelling process centers around two steps: validating the measurement model and fitting the structural model. The former is accomplished primarily through confirmatory factor analysis, while the latter is accomplished primarily through path analysis with latent variables. The measurement model specifies the rules governing how the latent variables are measured in terms of the observed variables, and it describes the measurement properties of the observed variables. That is, measurement models are concerned with the relations between observed and latent variables. Such models specify hypotheses about the relations between a set of observed variables, such as ratings or questionnaire items, and the unobserved variables or constructs they were designed to measure. The measurement model is important as it provides a test for the reliability of the observed variables employed to measure the latent variables. A measurement model that offers a poor fit to the data suggests that at least some of the observed indicator variables are unreliable, and precludes the researcher from moving to the analysis of the structural model.

4.4.1 Measurement of the Reliability (Item-Level)

In assessment of measurement model, first criterion was to evaluate the internal consistency of the measuring observed variables/items with each other. Specially, item-reliability designates that which part of item's variance can be enlightened by the underlying latent variable (Götz et al., 2010). A common assumption is that absolute correlation (i.e., standardized outer loadings) should be more than half (i.e., 50%) enlightened by the latent construct (Chin et al., 2003). Nevertheless, value above 0.7 (Henseler and Fassott, 2010) and value no less than 0.4 (Churchill Jr, 1979) are suggested. Results on Table 4.2 displays that the absolute correlation between the construct and its measuring manifest items (i.e., factor loading) were above than the minimum threshold criterion 0.4. The factor loading was ranging from 0.663 to 0.927 and fulfilled the requirements of the psychometric reliability test (Churchill Jr, 1979; Henseler and Fassott, 2010).

4.4.2 Measurement of the Reliability (Construct-Level)

The construct-level reliability ensured that items assigned to the same constructs revealed higher relationship with each other. Even though, earlier calculated individual-level item reliability was adequate enough but it was still recommended to observe the constructs reliability measured jointly by the group of items within same construct (Bagozzi, 1984). In this study, construct level reliability was examined by using Cronbach's alpha and by composite reliability. Where, Cronbach's alpha measured the one-dimensionality of multi-item scale's internal constancy (Cronbach, 1951), and composite reliability measured that how well construct were measured by its assigned items (Götz et al., 2010).Table 4.3 shows that the Cronbach's alpha was higher than the required value of 0.6 (Cronbach, 1951) and composite reliability was higher than the recommended 0.7 value (Nunnally, 1978) .

4.4.3 Measurement of Convergent Validity

The validity is the extent to which a set of measuring items correctly represents the underlying theoretical proposed concept (Hair *et al*., 2012). Specially, convergent validity enlightens that the correlation between responses obtained through different methods denote same construct (Niedergassel, 2011). On the other hand, it indicates that set of items should denote one and same underlying construct that can be confirmed through their one-dimensionality (Henseler and Fassott, 2010).In the study, convergent validity was surveyed by means of widely recognized method average variance extracted (AVE) (Hair *et al.,* 2012; Henseler and Fassott, 2010; Tabachnick and Fidell, 2012). An AVE was originally recommended by Fornell and Larcker, (1981) that tries to examine the amount of variance that a construct captures from its measuring items compared with the amount because of measurement error. Table 4 .2 shows that AVE extracted for the each construct was higher than the required value 0.5 (50%) (Fornell and Larcker, 1981) and designate that each construct has capability to enlighten more than half of the variance to its measuring items on average.

4.4.4 Measurement of Discriminant Validity

Discriminant validity is complementary concept of convergent validity which shows that two conceptually different constructs should exhibit differently i.e. the set of measuring items are expected not to be un-dimensional (Henseler and Fassott, 2010).In this study, discriminant validity at construct-level was inspected by means of Fornell and Larcker (1981) criterion, while at item level were inspected by means of Chin(1998)criterions. Fornell and Larcker criterion propose that square-root of AVE for each constructs should be greater than the

other construct's correlation with any other (i.e. inter-construct correlation). Table 4.4 shows that none of the inter-construct correlation value was above the square-root of the AVE and fulfilled the criterion of the discriminant validity. At item-level discriminant validity, Chin(1998) recommended to inspect the cross-loading within factor loading. Table 4.3 approves that each of measuring item within construct was higher than all of its cross-loadings in row and column. Infect, all cross-loading were lower than the 0.4 values recommended by Hair *et al.,* (2012).

---------- Insert Table 4.2 about here ----------
---------- Insert Table 4.3 about here ----------

4.5 Structural Model Evaluation

Table 4.6 shows all path were significant .The relationship between ECRM -> CS was the first hypothesis. The results indicated that the relationship was positive and significant ($\beta = 0.699$; t = 7.253) that implies ECRM has direct effect on CS. The second hypothesis expressed the relationship between CS -> CL. The results of the hypothesis recognized a significant and positive relationship between to constructs ($\beta = 0.210$; t = 3.222). It is important to note that contrary to confirmative SEM models (e.g., LISREL), explorative PLS models still do not have such global indicators that would assess the overall goodness of the model, to evaluate the goodness of fit for models. The criterion of global fitness (GoF) was calculated. The GoF is a geometric average of all communalities and R2 in the model. The GoF is an index that can be used to validate models with PLS. The R2 coefficients were 0.881 and, 0.802 for CS and CL respectively which demonstrates that the CS and CL were able to explain 88.1 % and, 80.1 % of the variability in the performance results. A value higher than the GoF> 0.5 shows that the set of structural equations is well defined and offers a good representation of the dataset and is valid. GoF of current model was 0.776 which is ready to consider 77.6 % of the reachable fitness.

$$GoF= \sqrt{Communality * R^2}$$

---------- Insert Table 4.4about here ----------
---------- Insert Table 4.5 about here ----------

4.6 Testing for Mediation

Mediation analysis seeks to go beyond the question of whether an independent variable causes a change in a dependent variable. The goal of mediation is to address the question of how that change occurs (Hayes, 2009). A mediator variable is the variable that causes mediation in the dependent and the independent variables (Saunders et al., 2011). In other words, the mediator variable explains the relationship between dependent and independent variable. There are, however, general recommendations for testing mediation that can be categorized into three general approaches (MacKinnon et al., 2002). The first method, described as the causal steps approach, is based on the works of Judd and Kenny (1981) and Baron and Kenny (1986).. The second approach, described as the difference in coefficients method, examines regression coefficients before and after the mediating variable is included. The third technique is outlined as the product of coefficients involving paths in a path model approach. The first approach uses regression analysis. The last two approaches employ the goodness-of-fit indices provided by covariance-based Structural Equation Modeling (SEM). SEM is the method preferred for mediation analysis (Frazier et al., 2004). The path coefficients generated by Partial Least Squares Structural Equation Modeling (PLS-SEM) provide an indication of relationships and can be used similarly to the traditional regression coefficients (Gefen *et al.*, 2000). Baron and Kenny (1986) laid out several requirements that must be met to form a true mediation relationship as follow: Regress the dependent variable on the independent variable. In other words, confirm that the independent variable is a significant predictor of the dependent variable. Regress the mediator on the independent variable. In other words, confirm that the independent variable is a significant predictor of the mediator. Regress the dependent variable on both the mediator and independent variable. In other words, confirm that the mediator is a significant predictor of the dependent variable, while controlling for the independent variable. Last, the relationship between the independent and dependent variables must be significantly reduced when the mediator is added. Moreover, the relationships between the independent and dependent variables as well as the independent and mediating variables should be theoretically based and supported by the literature. These four steps will be followed in this study using PLS. The evaluation of the significance of the reduction of the relationship between the Independent and dependent variables cannot be assessed by a visual inspection of the coefficient; It has to be assessed mathematically (Bontis *et al.*, 2007). Sobel (1982), provided an approximate significance test for the indirect effect of the independent variable on the dependent variable via the mediator :

$$Z = \frac{ab}{\sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2}}$$

Equation 4.1: Sobel Test Statistic

In the formula "a" is the regression coefficient for the relationship between the independent variable and the mediator, "b" is the regression coefficient for

the relationship between the mediator and the dependent variable, "Sa" is the standard error of the relationship between the independent variable and the mediator, and "Sb" is the standard error of the relationship between the mediator variable and the dependent variable. To evaluate the significance of the path coefficients and estimate the standard error it is necessary to use bootstrapping procedure (Hair *et al.*, 2012). According to the theoretical model of this study variable customer satisfaction is proposed as a mediating variable.

4.6.1 Mediation Effect of CS on the Relationship between ECRM and CL

To examine the mediating effect of the CS on the relationship between ECRM and customer loyalty Baron and Kenny criterions were exercised as below: Table 4.6 indicated that requirements regarding mediation specified by Baron and Kenny have been achieved. Firstly, ECRM is directly, significantly and positively related with customer loyalty (β=0.6309 and t=8.08).Second, ECRM is directly, significantly and positively related with CS (β=0.6809 and t=7.41). Third, CS is directly, significantly and positively with customer loyalty (β=0.3701 and t= 6.0953). Finally, the absolute effect ECRM on customer loyalty is reduced from 0.6309 to 0.486 when the mediating variable is introduced. From Table 4.6, a Sobel z-value of 4.707 with p-value < 0.000 and the beta weight for the basic relationship between ECRM and CL (β= 0.486, p < 0.001) were registered. These results indicate that: first, since the Sobel z-value is large with a p-value less than 0.05, it suggests that, the relationship between ECRM and customer loyalty is mediated by CS. Second, partial type of mediation was also registered because the relationship between independent variable and dependent variable was reduced to a significant level (that is, from 0.6309 to 0.486). Third, the ratio index of 22.49 percent given by (0.6309 -0.486) /0. 6309 *100), implies that 22.9 Percent of the effect of ECRM on the customer loyalty goes through the customer satisfaction and about 77.10 percent of the effect is direct.

---------- Insert Table 4.6 about here ----------

4.7 Testing Moderating Impact

A moderator variable specifies when or under what conditions a predictor variable influences a dependent variable (Baron and Kenny, 1986; Holmbeck, 1997) .A moderator variable may reduce or enhance the direction of the relationship between a predictor variable and a dependent variable, or it may even change the direction of the relationship between the two variables from positive to negative or vice versa (Lindley and Walker, 1993). A moderator variable can be considered when the relationship

between a predictor variable and a dependent variable is strong, but most often it is considered when there is an unexpectedly weak or inconsistent relationship between a predictor and a dependent variable (Baron and Kenny, 1986; Holmbeck, 1997; Lindley and Walker, 1993). The moderating effect is typically expressed as an interaction between predictor and moderator variable (Baron and Kenny, 1986; Holmbeck, 1997).Pursuit of investigating the direct path relationships within core model next step was to examine the moderating effect of hotel ambience . In line with Baron and Kenny (1986) a moderator can be qualitative or quantitative variable that affects the direction and/or strength of a relation between an independent and dependent variable. There are different approach to examine the moderating effect within structural models but two are very public: examination using interaction effect (product term) and examination using multiple-group analysis (MGA). This study has adopted examination using interaction effect (product term) which is explained below. In this moderating effect within structural path model is always characterized with new structural relationship (Henseler and Fassott, 2010). Therefore, proposed model needs to be examined with moderating effect not only include the main effect under consideration (a) and the moderator variable's main effect on dependent variable (b), but also an interaction variable's effect (c) (independent × moderator). Moreover, if path c fulfill to differ significantly from zero (i.e., null hypothesis is rejected) than it signifies an existence of moderation effect (Baron and Kenny, 1986). The results of the moderating effect of hotel ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty has been indicated the Table 4.7 .According to the results the relationship between ECRM and customer satisfaction increased from (β= 0.699, t=7.253 to β= 0.762 and t=9.532). Moreover, on the basis of the results the relationship between customer satisfaction and customer loyalty increased from (β= 0.210, t=2.3292 to β= 0.439 and t=4.324). Therefore it can be concluded that the relationship between ECRM and customer satisfaction and as well as customer satisfaction and customer loyalty moderated by hotel's ambience.

---------- Insert Table 4.7 about here ----------

V. Conclusions

The study investigate the effect of ECRM on customer loyalty through organizational customer satisfaction considering moderating effect of hotel ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty . In this paper three different objectives have been fulfilled, firstly, an attempt has

been made to demonstrate whether ECRM has a positive effect on customer satisfaction. Secondly, this study tried to find to whether customer satisfaction mediate the relationship between ECRM and customer loyalty. Thirdly, this study sought to bring more scholarly evidence about moderating effect of hotel ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty .The SEM results provided empirical evidence that the first hypothesis fully supported (β =0.335, t= 7.760) and presented that there is a significant relationship between ECRM and customer satisfaction . These results is consist with previous scholars (Disney, 1999; Kelley *et al.*, 2003; Khan and Khawaja, 2013; Plakoyiannaki and Tzokas, 2002)those who believed that there is a positive and significant relationship between ECRM and customer satisfaction. Moreover, the results delivered an empirical evidence that the second hypothesis fully supported (β =0.790, t= 27.133) and presented that there is a significant relationship between customer satisfaction and customer loyalty. The outcome got from this hypothesis is along with findings of (Agarwal and Shankar, 2003; Bowen and Chen, 2001; Day, 1969; Dick and Basu, 1994; Jacoby and Chestnut, 1978; Jacoby and Kyner, 1973; Oliver, 2010; Yi, 1990) individuals who affirmed that there is a positive and direct relationship between consumer satisfaction and customer loyalty. The third and fourth hypotheses was formulated to examine the moderating effect of hotel ambience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty. The results confirmed that (see Table 4.9) revealed that the aforementioned relationships have been moderated by hotel ambiance, the results confirmed the role of hotel ambiances on the customer satisfaction and loyalty .Moreover, the results validated that it is necessary to pay attention to the a hotel's ambience to increase customer satisfaction and loyalty .the fifth hypothesis has been formulated to examine the mediating effect of customer satisfaction on the relationship between ECRM and customer loyalty by Baron and Kenny's criteria that was in line previous (Ab Hamid, Cheng and Romiza, 2011; Alhaiou *et al.*, 2012; Cronin Jr *et al.*, 2000; Feinberg *et al.*, 2002; Ismail *et al.*, 2011; 2013; Rust *et al.*, 2004) findings. Moreover, Sobel test was used to examine if mediation effect is statistically significant. The result confirmed that the relationships between ECRM and the customer loyalty has been mediated by customer satisfaction.

5 .1 Implications
5.1.1 Theoretical implications

The first theoritical contribution is related to offering a new model for service quality .This study by applying Stimulus-Organism-Response (SOR) Model, endeavoured to open a new window toward increasing customer loyalty in service sectors especiaaly in hotel industry. Moreover, the study tried to shed a new light to the increasing customer loyalty in service sectors by emphasising the moderating effect of hotel ambience on the relationship between service quality , customer satisfaction and customer loyalty. Furthermore, the study adopts hotel ambience as a scare and key resources of service industry to create loyal customer. Therefore; the results of the study have great potential to provide a basis for future theoretical and empirical studies on the service industry and providing new ways to improve customer satisfaction and loyalty in service industry specilly in hotel industry . The second theoretical contribution is related to hotel ambiance and its effect on customer satisfaction and loyalty in the iuxury hotel context . The study examined the moderation effects of hotel's ambience on the proposed relationship between constructs in the theoretical framework. Therefore the present study provide some new clarification which is not known in the body of existing knowledge about the reasons of the success and the failure of the some luxury hotel for customer satisfaction and loyalty.The forth theoritical contribution is related to apply comprehensive model for enhancing customer satisfaction and loyalty in service industry. The literature has acknowledged the importance of ECRM on customer satisfaction in service industry. However, the literature have supersede to address why ECRM does not generally prompt customer satisfaction and loyalty . This study by examining the mediating effec of customer satisfaction on the relationship between ECRM and customer loyalty . Moreover , the study examined the moderating effect of hotel's embience on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty developed a comprehensive and theoretical framework to Provide a possible answer to this question that why why, some, luxury hotels, can not satisfy and retain their customers..

5.1.2 Practical Implications

This paper sheds new light on how hoteliers can capitalize on, hotel ambience, and marketing strategies to enhance guest satisfaction and loyalty. The results confirmed there is a direct and positive relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty. This findings implies that hoteliers must concentrate their efforts on ECRM in order to c enhance customer satisfaction and loyalty. The electronic customer relationship management should

be a continuous priority to enhance guest satisfaction and thereby loyalty since ECRM and loyalty are cumulative aspects of satisfaction. Further, study results indicate that ambience has a moderating role on the relationship between ECRM and customer satisfaction as well as customer satisfaction and customer loyalty. The moderation of ambience on hotel overall loyalty relationship implies that the hoteliers should always strive for conducive ambience even if their hotel is having a good image to the guests as the current guest experience will alter their loyalty. An outstanding strategy might entail the hotelier to go an extra mile to determine and keep records of their guest's personality scores and availing to them the appropriate ambience like lobby. This implies the hotel to have more than one lobby to cater for the different personality, meaning the hotel (in this case the Five-star) should be having the resources to operationalize the strategy.

5.2 Research Limitations

Like any other study, this study has limitations that must be taken into account when applying and generalizing its findings. The study focused on hotel ambience rather than the entire serviscape a broader view would provide additional, valuable information. Logically, the study focused only on five-star hotels, which may appear to bias the study toward status consequently, extending the study to other types of hotels and accommodations would offer new perspectives on this topic. By focusing on hotel facilities in Malaysia, this study limited itself spatially meaning the findings might not perfectly apply in a different context thus calling for extension of this study context.

5.3 Future Research Directions

Future studies could enhance knowledge on loyalty by employing a longitudinal approach that could trace the proposed developmental loyalty stages rather than the cross-sectional one adopted in this study. Beyond considering the development of four stages of loyalty, a longitudinal approach would offer additional insight into hotel guests' image creation process, and specifically on the influences of induced and organic image development. In addition, this study did not separate respondents into consumption categories such as reasons for hotel stay that could offer insights into their influences on satisfaction levels and thus on hotel image and guest loyalty. Finally, a cross-cultural aspect of hotel guests 'purchasing behavior was not considered in the present study. For future research, conducting a cross-cultural study using the proposed theoretical framework will be an interesting extension of this study.

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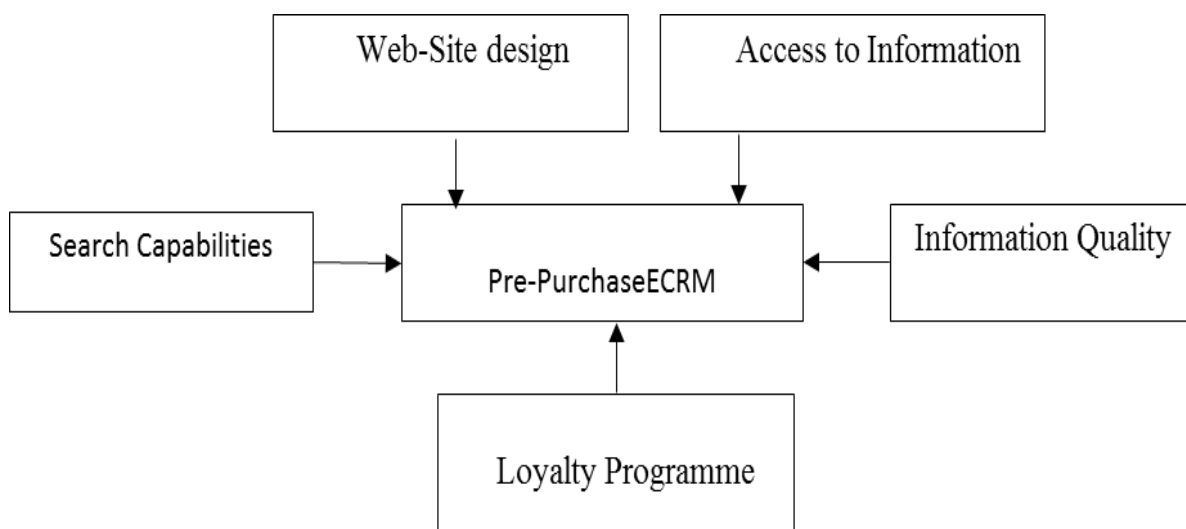
APPENDICES

Figure 2.1: Pre-purchase ECRM constructs

Table 2.1: Dimensions of the Pre-purchase ECRM

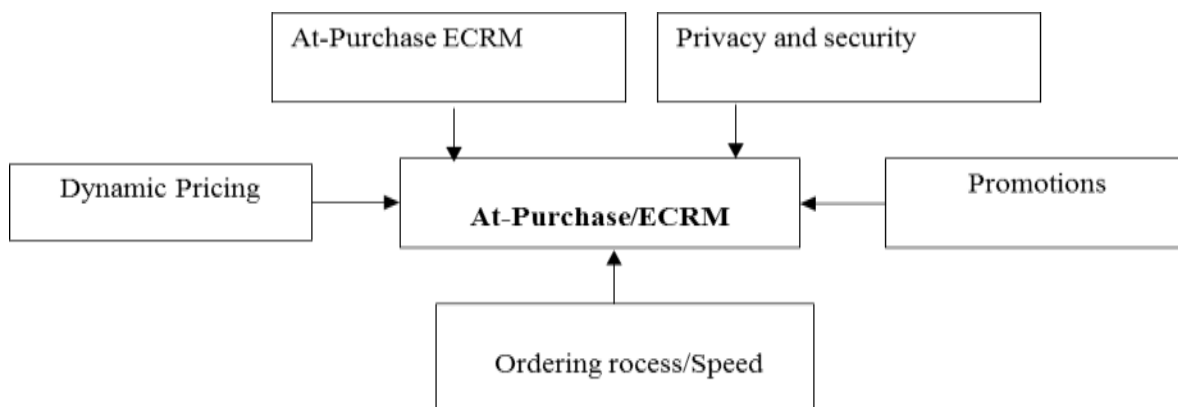| Pre-Purchase ECRM	Dimension	Important	Supporting References
Web-Site	This refers of pictures, images, and information well presented on the website.	It is very important to attract customers and enhance purchasing decision	Ho and Wu (1999), Khalifa and Shen (2005)
Access to Information	How it is easy for a customer to find information about the products, prices and services	Access to information make it easy for customers to find the product information and place an order	Cho and Park (2001); Abbott *et al.* (2000)
Information Quality	This refer to the accuracy , the content and the update of the information on the website	The reliability of the information affects customer evaluation of the website and purchasing decision	Cho and Park (2001); Abbott *et al.* (2000)
Loyalty Programme	A program that allows consumers to collect points for every purchase from or visit to a site, which in turn are redeemable for free gifts, coupons or cash rebates.	Keeping the communication with customers simple make it easy for customers to find information any time	Ho and Wu (1999),
Search Capabilities	Sophisticated search engines allow customer to specify multiple criteria for quickly retrieving the desired information	Search capabilities save customer's time and enhance purchase decision	Khalifa and Shen (2005)

Figure 2.2: At- purchase ECRM constructs

Table 2.2: Dimensions of the at--purchase ECRM

Pre-Purchase ECRM	Dimension	Important	Supporting References
Payment Methods	Enables the customer to choose a preferred payment method ,e.g., credit card, cash on delivery, cheque	Payment methods enhances customer purchase decision	Ho and Wu (1999); Khalifa and Shen (2005)
Privacy and security	The website's ability in protection consumer personal information collection transactional from unauthorized use or disclosure	Privacy and security are important to build trust and long-term relationship	Cho and Park(2001); Abott *el al*, (2000)
Dynamic Pricing	That is mean the product prices are customized based on the customer status and the order characteristics (e.g., quantity , product mix)	Dynamic prices are important to attract the new/existing customers and enhance purchase decision	Cho and Park (2001); Ho and Wu (1999)
Promotions	This refers to the promotions offer to customer through purchasing process	Promotions are important to attract new customers to the website	Ho and Wu (1999)
Ordering Process/Speed	This refer to desired shipping options were available and the shipping charges	Ship-options/free affect customer purchasing decision	Khalifa and Shen(2005)
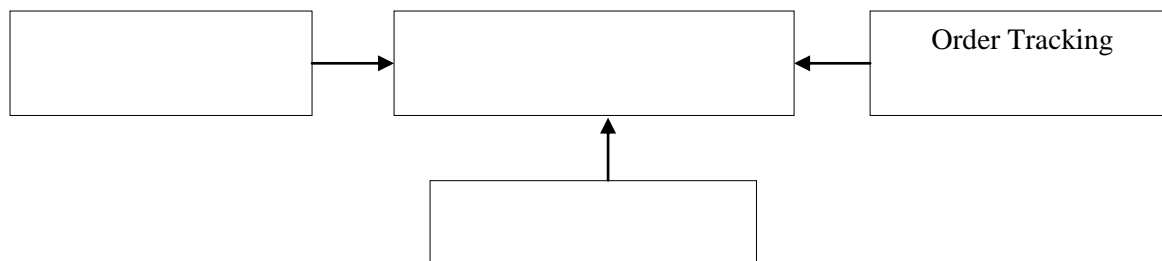
Figure 2.3: Post- purchase ECRM constructs

Table 2.3: Dimensions of the Post--purchase ECRM

Pre-Purchase ECRM	Dimension	Important	Supporting References
Problem solving	It can take several forms, some Passive, e.g., online manuals, FAQs and others more interactive, e.g., experts system. web agents	Problem solving is important to enhance customer trust and retention	Khalifa and Shen (2005)
Order tracking	Ability to track orders until delivered and follow-up stage by stage	Order tracking gives the customers the ability to track their orders until delivered which have effect on customer satisfaction	Khalifa and Shen (2005)
After sale service	Customer support following the purchase of a product or service , e.g., warranty (or guarantee) and return policies	After sale service is important to enhance customer trust and long term relationship	Gefen (2002); Cheung and Lee (2005)

Table 3.1: Total Number of Scale Items Used in this Study

Construct		Dimension	Items	
			Number	Source
ECRM	Pre –purchase	Website Design	5	Liu *et al.* (2008);Wang and Liao (2007); Alhaiou (2011)
		Search Capabilities	4	Falvian *et al.* (2005) ;Wang and Liao (2007) ;Liu *et al.* (2008) ;Alhaiou (2011)
		Loyalty Program	4	Bhattacherjee (2001);Khalifa and Shen (2009) ;(Alhaiou, 2011)
	At –purchase	Security/Privacy	4	Liu *et al.* (2008) ; Kim *et al.* (2008)
		Payment Methods	3	Liu *et al.* (2008);Wang and Liao (2007)
		Booking Process	4	Liu *et al.* (2008); Posselt and Gerstner (2005)
	Post –purchase	Manage my Booking	4	Posselt and Gerstner (2005); Liu *et al.* (2008)
		Customer Service	4	Wang and Liao (2007)
Customer satisfaction		-	6	YI (1990)
Customer loyalty		-	6	Zeithaml *et al.* (1996); Ndubisi (2003)
Hotel Ambiance			6	Jani and Han (2014)

Table 4.1: Cronbach's β Value of the Instruments

Variables	Number of Items	Cronbach's α	KMO	Bartlett's test Sphericity	Variance Explained
ECRM	32	0.981	0.872	0.000	83.426
Customer Satisfaction	6	0.930	0.930	0.000	70.372
Customer Loyalty	7	0.971	0.917	0.000	80.377
Hotel Ambiences	6	0.828	0.731	0.000	85.241

Table 4.2: Outer/Factor Loading with Cross-Loadings

	CL	CS	ECRM	HA
CL1	**0.823**	0.676	0.700	0.592
CL2	**0.818**	0.747	0.780	0.658
CL3	**0.715**	0.589	0.612	0.600
CL4	**0.839**	0.750	0.787	0.675
CL5	**0.821**	0.711	0.758	0.632
CL6	**0.828**	0.656	0.666	0.576
CS1	0.671	**0.843**	0.694	0.627
CS2	0.665	**0.773**	0.693	0.660
CS3	0.647	**0.862**	0.703	0.680
CS4	0.612	**0.808**	0.681	0.623
CS6	0.682	**0.842**	0.670	0.655
ECRM2	0.610	0.619	**0.675**	0.614
ECRM4	0.627	0.596	**0.676**	0.600
ECRM5	0.656	0.649	**0.697**	0.670
ECRM6	0.599	0.630	**0.643**	0.592
ECRM7	0.565	0.563	**0.632**	0.574

	CL	CS	ECRM	HA
ECRM8	0.652	0.632	**0.689**	0.616
ECRM11	0.613	0.588	**0.696**	0.604
ECRM12	0.687	0.647	**0.728**	0.636
ECRM13	0.656	0.627	**0.655**	0.535
ECRM14	0.630	0.695	**0.772**	0.523
ECRM15	0.663	0.664	**0.738**	0.681
ECRM16	0.688	0.648	**0.788**	0.662
ECRM17	0.676	0.633	**0.811**	0.577
ECRM18	0.586	0.577	**0.636**	0.569
ECRM19	0.697	0.694	**0.742**	0.612
ECRM20	0.702	0.698	**0.750**	0.694
ECRM21	0.633	0.642	**0.698**	0.641
ECRM22	0.616	0.594	**0.694**	0.636
ECRM23	0.677	0.667	**0.731**	0.657
ECRM27	0.572	0.553	**0.611**	0.608
ECRM28	0.575	0.640	**0.605**	0.576
ECRM29	0.708	0.724	**0.817**	0.696
ECRM30	0.677	0.650	**0.714**	0.661
ECRM31	0.707	0.714	**0.763**	0.610
ECRM32	0.675	0.635	**0.774**	0.693
HA1	0.630	0.594	0.646	**0.693**
HA2	0.680	0.691	0.690	0.829
HA3	0.646	0.591	0.662	0.798
HA4	0.604	0.615	0.644	0.692
HA5	0.683	0.632	0.644	0.722
HA6	0.652	0.632	0.689	**0.716**

Table 4.3: Square Root AVE and Correlations of Latent Variables

	AVE	CL	CS	ECRM	HA
CL	0.808	0.808			
CS	0.826	0.597	0.826		
ECRM	0.711	0.533	0.621	0.711	
HA	0.721	0.618	0.660	0.644	0.721

Table 4-4: Test of the Total Effects Using Bootstrapping

	Original sample	Std. Error	t-statistics
ECRM -> CS	0.699	0.096	7.253
CS -> CL	0.210	0.064	3.292

Table 4-5: GoF for the Structural Model without Moderator

Construct	Composite Reliability	R^2	Communality	Cronbach's Alpha
CL	0.919	0.802	0.753	0.893
CS	0.915	0.881	0.783	`0.884
ECRM	0.964		0.606	0.960
Average		0.841	0.717	
GoF	0.776			
Note: $H^2=$ Constructs cross-validate communality index $F^2=$ Construct cross-validate redundancy index GoF= SQRT(Average R-square * Average Communality)				

Table 4.6: The Mediating Effects of CS on the Relationship between ECRM and CL

	ECRM -> CL	ECRM -> CS	CS->CL	ECRM ->CL Mediated by CS		
				ECRM -> CL	ECRM -> CS	CS-> CL
Beta	0.6309	0.6809	0.3701	0.486	0.699	0.210
SE	0.0781	0.0919	0.0607	0.087	0.096	0.064
t-value	8.08	t=7.41	6.0953	5.605	7.253	3.292
Type of mediation : Partial Sobel Z value : 4.708 significance at p< 0.000 Standardized Coefficient of ECRM on CL						

Table 4.7: The Moderation Effect of Hotel Ambience

	Original relationship		Relationship after introducing moderating variable	
	β	t-value	β	t-value
ECRM -> CS	0.699	7.253	0.762	9.532
CS -> CL	0.210	3.292	0.439	4.328