

WHAT AFFECTS GUEST LOYALTY IN SOUTHWESTERN BULGARIA: SOME INSIGHTS FOR HOSPITALITY MANAGEMENT

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Abstract:

Research background: The implementation of a customer relationship management approach within the hotel industry yields interdependent benefits including enhanced guest satisfaction, reinforced guest loyalty, and a deeper comprehension of guests and their needs and expectations. Essential for the success of a hotel complex is the identification of factors influencing guest satisfaction and loyalty.

Purpose of the article: The primary objective of this study is to ascertain these factors to augment hotel guests' satisfaction, thereby fostering their loyalty. In investigating hotel guest loyalty, two methods were employed, each instrumental in yielding distinct outcomes. The theoretical method entailed an examination of scientific literature elucidating the evolution and significance of the subject matter. Conversely, the empirical method facilitated the acquisition of requisite data for the analysis, assessment, and enhancement of hotel guest loyalty.

Methods: To achieve the objectives of this research, a survey methodology was employed involving a sample of 187 hotel guests in the region of Blagoevgrad, southwestern Bulgaria, comprising both Bulgarian and foreign tourists who voluntarily participated in the study conducted in the period December 2023 - February 2024. The regional level of research ensured an ample number of hotels and hotel guests that were required for the study.

Findings & Value added: The long-term success of a hotel establishment in the marketplace is primarily contingent upon its ability to expand and maintain a substantial number of loyal guests. Therefore, hotels must continually endeavour to cultivate and sustain the loyalty of its guests. The study delineated a set of indicators crucial for guest satisfaction and, consequently, loyalty, including hotel location, food quality, room comfort, hotel hygiene, staff competence, and value for money.

Keywords: guest satisfaction; guest loyalty; hospitality enterprise

JEL Classification: Z310

1. Introduction

Critical to the success of hospitality management is the rigorous examination of factors influencing guest satisfaction and loyalty. The primary aim of this investigation is to identify

these influential factors with the goal of elevating hotel guest satisfaction and thereby cultivating guest loyalty. In exploring hotel guest loyalty, two distinct methods were employed, each contributing unique insights. The theoretical approach involved a review of scholarly literature detailing the evolution and significance of the subject matter. In contrast, the empirical approach facilitated the collection of necessary data to analyse, evaluate, and enhance hotel guest loyalty. To fulfil the research objectives, a survey methodology was utilized, engaging a sample of 187 hotel guests in the Blagoevgrad region of southwestern Bulgaria, encompassing both Bulgarian and international tourists who voluntarily participated in the study conducted from December 2023 to February 2024. This regional focus ensured access to a sufficient number of hotels and hotel guests essential for the study's scope and depth.

The enduring viability of a hotel enterprise within the market hinges predominantly on its capacity to broaden and uphold a significant per cent of loyal guests. Consequently, hotels must consistently strive to nurture and uphold guest loyalty. The current study elucidated a series of key indicators essential for guest satisfaction and, consequently, loyalty, encompassing hotel location, food quality, room comfort, hotel hygiene, staff competence, and perceived value for money.

This paper is organized into the following sections: Chapter 1 delves into the research background highlighting its significance and practical implications. Chapter 2 provides a comprehensive overview of the individual research methodology steps including the identification of the main research goal, participants, level of study, indicators (factors), methods, and results. Chapter 3 conducts a thorough analysis and evaluation of hotel guest loyalty based on the collected empirical data. Chapter 4 discusses the main research results. Finally, Chapter 5 presents the main findings and conclusions of the study and also outlines some research limitations.

2. Literature Review

The main aim of a hospitality enterprise is to cultivate enduring relationships with its most loyal guests, thereby securing their preference and indispensability. Achieving this objective necessitates a keen focus on understanding and catering to the individual needs and preferences of each guest. By offering personalized products and services tailored to meet these specific requirements, the foundation for long-lasting guest relationships is established and sustained (Vandermerwe, 2004).

In contemporary business paradigms, effective guest care is intrinsically linked to the well-being of employees. Ensuring professional conduct among staff members directed towards hotel guests entails providing an optimal work environment equipped with modern technology and communication tools, alongside diligent monitoring of guest satisfaction levels (Mechinda and Patterson, 2011). The optimization of customer relationship management (CRM) endeavours hinges upon the adept utilization of cutting-edge information technologies. Leveraging technology-driven CRM methodologies enables enterprises to deliver bespoke offerings to their clientele.

At the core of guest awareness management lies the formulation of a comprehensive CRM strategy rooted in well-gathered guest insights. These insights, gleaned through interactions between service personnel and guests across various touch points within the hospitality enterprise, are invaluable for enhancing guest satisfaction and happiness. Effective dissemination and utilization of this accumulated information across all facets of the hospitality enterprise are imperative for nurturing stronger guest relationships, ultimately leading to a positive impact on hotel performance (Brohman et al., 2003).

Technology-driven CRM systems serve as indispensable tools for hospitality businesses to provide customized products and services. Information technology's inherent guest-centricity empowers enterprises to orchestrate and execute successful marketing activities geared towards long-term guest retention (Roberts et al., 2005).

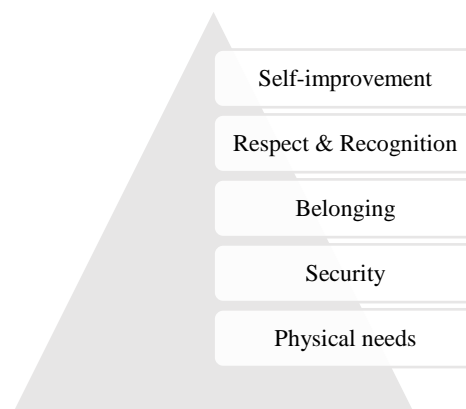
Employing a CRM-centric approach in customer relationship management yields numerous benefits, including heightened guest satisfaction, reinforced guest loyalty, and a deeper understanding of guests and their needs and expectations.

A prominent contemporary trend underscores the capacity of corporate social responsibility (CSR) performance to augment hotel guest loyalty. Within this trend, the effectiveness of CSR initiatives across its three distinct domains manifests varying degrees of influence on guest behavioural loyalty. Empirical investigations by Liu et al. (2019) underscore the mediating roles played by brand image and guest trust in explicating the link between CSR performance and guest loyalty. These findings are corroborated by Latif et al. (2020), who affirm a positive correlation between CSR engagement and guest loyalty, with satisfaction and brand image serving as notable mediators within the CSR-loyalty nexus. Prochazkova and Micak (2023) found out that if a woman held the position of CEO within an enterprise, it is more likely that the enterprise would engage in some form of corporate social responsibility.

Moreover, other pertinent factors such as customer brand identification, trust, commitment, and satisfaction are recognized as pivotal determinants of loyalty. Noteworthy among these is the favourable impact of brand identification on guest trust, commitment, and satisfaction. Consonant with these insights, Rather and Hollebeek (2019) ascertain that satisfaction exerts the most pronounced influence in nurturing commitment, trust, and ultimately, loyalty among guests. A hotel brand is considered successful when 20% of the target group consumes the product or service regularly (Baykov, 2013).

The classification and guidance of basic and additional services offered by hospitality enterprises can be informed by Maslow's theory of the hierarchy of consumer needs within the hospitality industry.

Figure 1: Maslow's pyramid



Source: Maslow (1943)

The paramount importance of addressing guests' physiological needs, such as sleep and sustenance, underscores the foundational role these requirements play in shaping the basic and supplementary services offered within the hotel industry. Following closely is the imperative of security, encompassing measures aimed at assuring guests' safety and peace of mind, including provisions for safeguarding personal belongings and implementing comprehensive security systems such as fire safety, food safety, and video surveillance. Meeting a need entails

seeking a pathway to reach balance. This pathway can involve various factors used to address the imbalance, which is predominantly related to a lack of security (Avilov, 2021).

Next in line is the intrinsic need for belonging, manifested primarily through avenues for communication with both hotel staff and fellow guests, fostering a sense of community within the hotel complex. Subsequently, the necessity for respect and recognition emerges, often realized through thoughtful gestures and amenities that afford each guest a sense of individuality, such as personalized gifts, participation in loyalty programs, and dining discounts.

Additionally, addressing the need for self-improvement represents a niche service offering within the hospitality landscape, albeit one that holds potential for differentiation. While relatively uncommon, certain hotels provide opportunities for guests to engage in group sports, musical events, and cultural excursions, thereby facilitating personal growth and enrichment during their stay.

In an era marked by intense competition, the retention of guests necessitates innovative approaches aimed at surpassing their expectations with unique offers and services. As emphasized by Kusumawati and Rahayu (2020), the delivery of a quality experience significantly influences guest perceived value, satisfaction, and loyalty. Moreover, the implementation of loyalty programs plays a pivotal role in fostering enduring guest-brand relationships, as confirmed by the findings of Shin et al. (2020).

3. Methodology

In hotel industry, guest satisfaction and loyalty are widely recognized as pivotal drivers of success and profitability. The paramount importance of ensuring guests' satisfaction cannot be overstated, as it directly correlates with the overall performance and viability of a business enterprise.

The analysis and evaluation of guest loyalty within the realm of the hospitality sector necessitates adherence to a systematic algorithm and methodology. The *initial phase* of this algorithm pertains to the formulation of the main research objective. The study primary aim is to determine the factors for increasing hotel guests' satisfaction, hence their loyalty.

Subsequently, the *second phase* entails the delineation of the research participants. This involves delineating the social entities engaged in the research, specifically the guests of 3*, 4* and 5* hotels. The selection of the target group of respondents considers the principles of relevance, cognizance, and accessibility of the information source.

Upon the identification of research participants, the determination of the research scope ensues, which is the *third phase* of the research algorithm. In investigating guest loyalty within the hotel sector, a regional-level approach was adopted as it ensures a substantial number of hotels and hotel guests, which guarantees the representativeness of the study. The present investigation comprises hotels from the region of Blagoevgrad, which belongs to the Southwestern district of planning. The choice of this region was determined by the fact that it is a centre for the development of various types of tourism - spa and wellness tourism, mountain tourism, respectively winter ski tourism, ecotourism, cultural and educational tourism and more due to the presence of favourable natural conditions. Moreover, the geographical proximity of the hotel facilitates cost-effectiveness and enhances accessibility to the information source during research implementation. Data from the National Statistical Institute for the year 2023 indicate that the number of accommodation places in the Blagoevgrad region is 259. According to data from the electronic directory of hotels in Bulgaria for the year 2023, the number of hotel

establishments in the Blagoevgrad region is 120, of which 83 are three-, four- and five-star hotels.

The *fourth phase* of the research pertains to the identification of indicators of guest loyalty within the hospitality industry. The current research uses the set of loyalty measurement indicators elaborated and proposed by Kurkina (2008). This phase also corresponds to one of the foremost challenges in formulating the questionnaire for the present study. The indicators utilized to gauge hotel guest loyalty, albeit comprehensive, do not exhaust all possibilities. Their selection is guided and constrained by the research objectives. The framework of indicators should be regarded as dynamic and amenable to expansion and refinement.

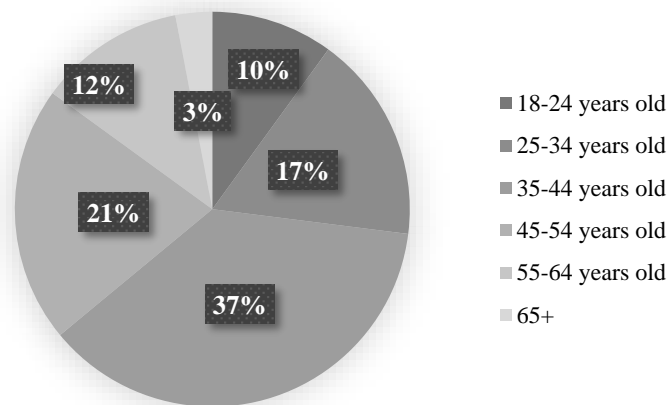
The *subsequent research phase* holds paramount significance for the attainment of accurate, veritable, and contemporary information, crucial for the success of the final outcome. The selection of methods for measuring guest loyalty indicators within the hospitality industry constitutes a multifaceted and weighty endeavour. Within the investigation of hotel guest loyalty, two approaches were deployed, each instrumental in yielding distinct outcomes. The theoretical approach encompasses an examination of scientific literature elucidating the evolution and significance of the subject matter as well as the method of induction in which, through the regional example of these hotels, conclusions can be drawn about guest loyalty in the hotel industry on a national scale. Conversely, the empirical approach facilitates the acquisition of requisite data for the analysis, assessment, and enhancement of hotel guest loyalty. To fulfil the objectives of this research, a survey methodology was employed, encompassing a sample of 187 guests at 3*, 4* and 5* hotels in the region of Blagoevgrad, comprising both Bulgarian and foreign tourists who voluntarily participated in the study held in December 2023 - February 2024. The questionnaires devised for this purpose adhere to principles of clarity and accessibility, incorporating a blend of quantitative and qualitative assessments of the pertinent indicators. The survey method entails the analysis and evaluation of data garnered through survey instruments comprising responses to predetermined queries, part of which were obtained in written form on-site at the hotel and others were completed online. Some queries are structured as closed-ended questions while others solicit evaluations pertaining to the quality of products and services rendered by the hotel offering respondents the options of „Poor,“ „Good,“ or „Excellent.“ Additionally, a subset of questions permits participants to rate their satisfaction on a numerical scale ranging from 1 to 10. The selection of a 10-point rating scale was predicated on its ease of comprehension and completion by respondents, pivotal for the accuracy of responses and the validity of findings.

Subsequently, the *final phase* involving the analysis and evaluation of hotel guest loyalty is carried out on the basis of the literature review on the subject and the empirical data procured. Microsoft Excel serves as the tool for data manipulation facilitating the computation of the proportionate representation of respondents opting for specific qualitative categories as well as specific quantitative assessment given for each indicator evaluated by a 10-point rating scale. Drawing from the synthesized outcomes of the analysis and evaluation of hotel guest loyalty, significant factors contributing to the enhancement of the guest loyalty level are specified.

4. Results

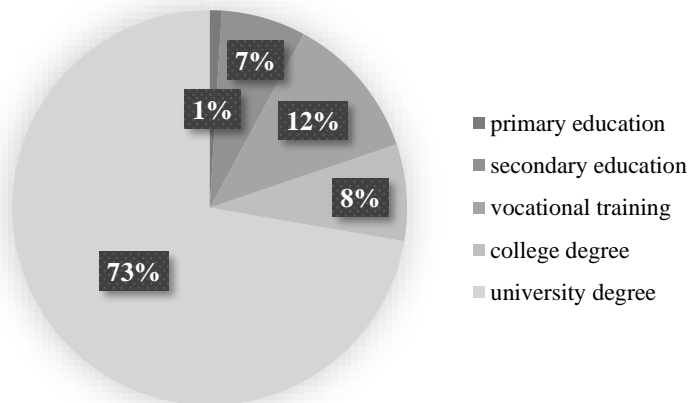
The survey respondents profile was summarized using two fundamental questions about their age and education. While the age distribution among respondents appeared relatively balanced, the distribution of educational backgrounds showed a consistent trend with a predominance of individuals with university degrees indicating a less even spread across categories.

Figure 2: Respondents age structure



Source: author's calculations

Figure 3: Respondents educational background



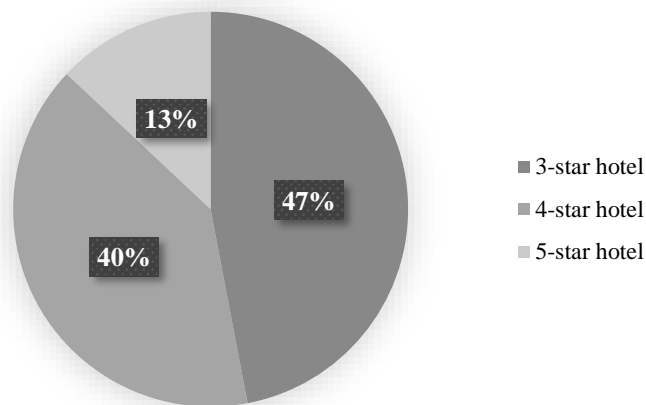
Source: author's calculations

The survey included guests from three-, four-, and five-star hotels, with three-star hotels comprising the largest proportion at 47%, followed by four-star hotels at 40%, and five-star hotels from the Blagoevgrad region at 13%, having the smallest share. By incorporating hotels from various categories, the study aimed to examine potential correlations between hotel ratings and guest loyalty levels. However, the research concluded that guest loyalty is not solely influenced by hotel category; other factors play a more substantial role in determining guest satisfaction and loyalty.

With regards to the choice of hotel, the leading factor turns out to be the location, followed by the value for money, and the rest of the respondents indicated „other“, for example, they mentioned the good hotel superstructure, the clean mountain air, friendly staff, good food, clean rooms, etc.

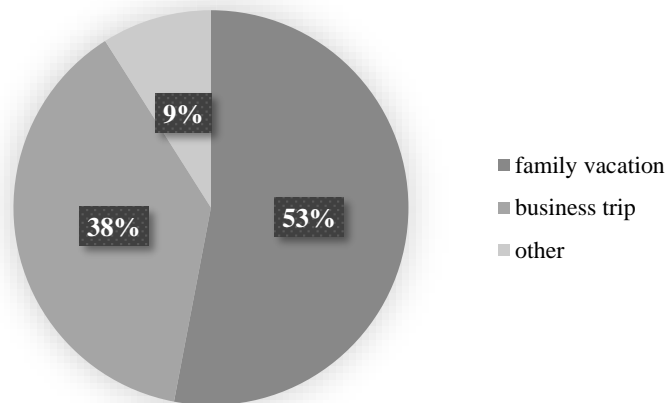
Regarding the frequency of hotel visits, a significant majority of respondents comprising a total of 64%, reported that it was not their first visit. The predominant purpose identified by surveyed participants for their hotel visit was „family vacation“, as indicated by 53% of responses, followed by 38% who cited „business trip“, with the remaining 9% selecting the category of „other“.

Figure 4: Relative share of hotels included in the study



Source: author's calculations

Figure 5: Purpose of guest stay

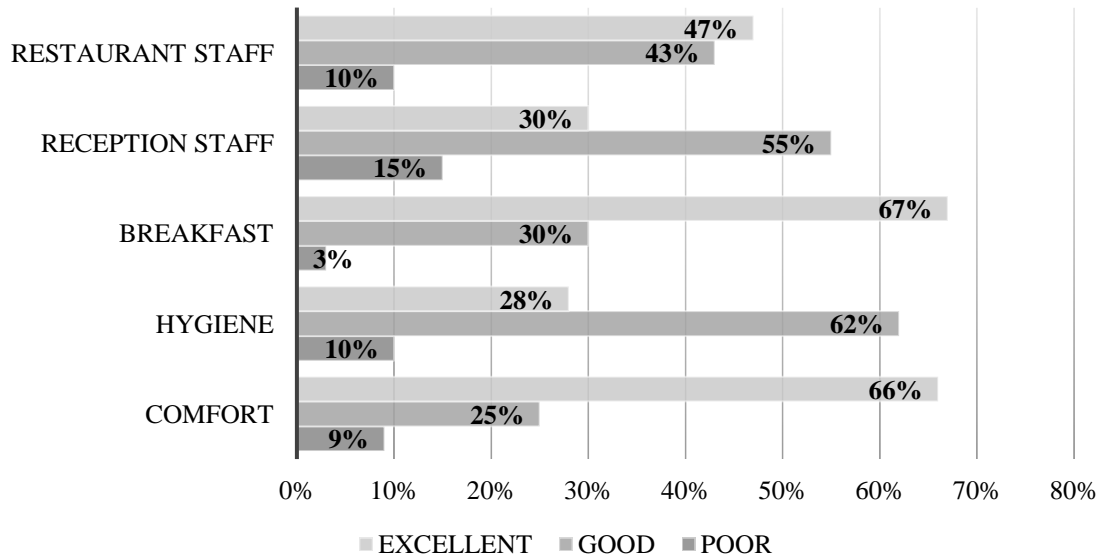


Source: author's calculations

Regarding the level of room comfort, the majority of respondents, constituting 66%, appraised it as „excellent“, while 25% deemed it as „good“, with a mere 9% expressing dissatisfaction with this aspect. Responses to queries concerning the cleanliness of rooms and hotel communal areas mirrored those regarding room comfort, with 62% of participants rating it as „good“, 28% as „excellent“, and 10% expressing dissatisfaction. In terms of breakfast quality, a significant proportion of respondents, totalling 67%, rated it as „excellent“, while 30% considered it „good“, and only 3% perceived it as poor. In relation to the reception service staff, 55% of respondents rated their experience as „good“, 30% as „excellent“, and 15% expressed dissatisfaction by selecting „poor“. Similarly, the evaluation of restaurant service staff indicated that 47% of respondents found them „excellent“, 43% rated them as „good“, and 10% expressed dissatisfaction by rating their service as „poor“.

The vast majority, constituting 68% of respondents, assessed the total quality of hotel products and services as „good,“ while 28% deemed them „excellent.“ Only 4% of respondents regarded the total quality of hotel products and services as „poor.“ Regarding the overall guest experience at hotel establishments in the region of Blagoevgrad, 59% of respondents reported their experience as „good,“ with 38% rating it as „excellent.“ Merely 3% of guests expressed dissatisfaction with their stay and had negative associations with their hotel stay.

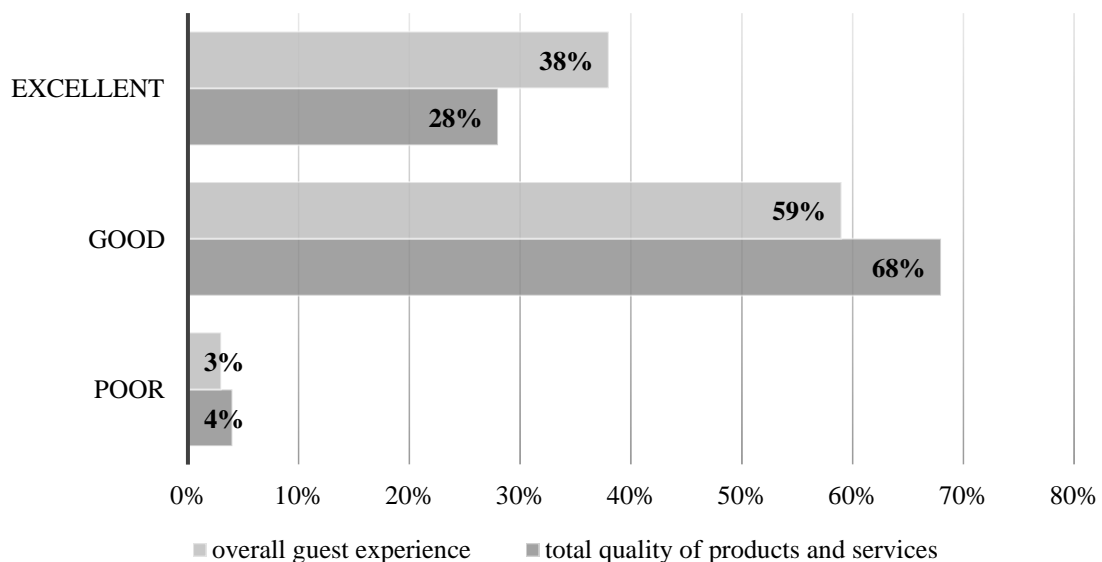
Figure 6: Quality evaluation of services



Source: author's calculations

The generalized evaluation of guest experience showed explicitly that a prevailing per cent of hotel guests were highly satisfied with the quality of hotel products and services and consequently had a memorable experience to take home and share with relatives and friends. This sounds very promising in terms of return visits and frequent stays that is expected to convert into guest loyalty.

Figure 7: Generalized evaluation of guest experience

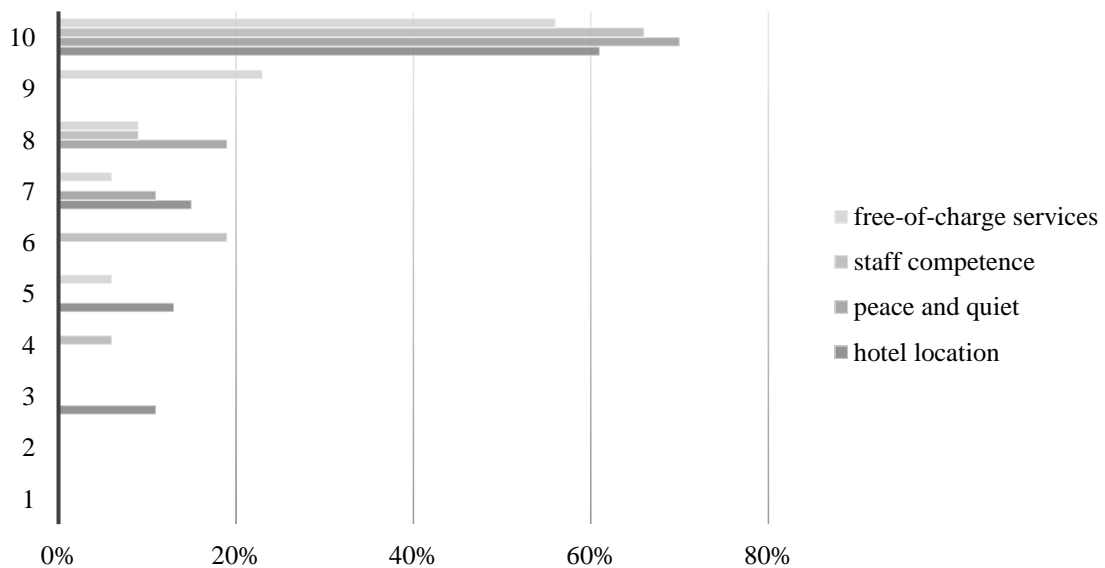


Source: author's calculations

In terms of pricing, the survey highlights that 43% of respondents perceived the prices as „high“, while 38% deemed them „fair“ in relation to quality. Conversely, 19% regarded the prices as „low“. Concerning the competence of hotel staff, an overwhelming 83% of guests

affirmed that the staff members possessed the necessary professional skills for their respective jobs. Meanwhile, 9% expressed doubts, and 8% were unsure. Guest satisfaction and pleasure are the secure precondition for guest loyalty and positive word-of-mouth. In relation to four basic indicators – free-of-charge services, staff competence, peaceful ambience and hotel location, guests expressed a great satisfaction and provided a very high evaluation by a 10-point rating scale, which is very clearly portrayed in the next figure. A prevailing per cent of hotel guests marked the maximum 10-grade for each of the four indicators.

Figure 8: Evaluation of basic indicators by a 10-point rating scale



Source: author's calculations

When asked whether they would make a return visit, the majority of respondents - 91% - were satisfied and would return to the hotel and only 9% were disappointed and would not visit the hotel again. As for the question if they would recommend the hotel to their friends and relatives, the majority of surveyed guests who were satisfied with their stay – 81% would recommend the hotel, and the remaining small portion of 19% would not recommend the hotel to their close friends and relatives. The results for these two indicators – repeat visit and recommendation, clearly show a consistent trend of prospective guest loyalty.

5. Discussion

Guest loyalty in hospitality industry is not solely dictated by the hotel category; rather, several other factors exert a more significant influence on guest satisfaction and loyalty. When selecting a hotel, the foremost determinant is its location, followed closely by perceived value-for-money and the overall quality of the hotel infrastructure, including factors like clean mountain air, friendly staff, good food offerings, and well-maintained rooms.

In the region of southwestern Bulgaria, the primary purpose for hotel visits appears to be family vacations, followed by business trips and other leisure activities. Accordingly, hotel guests emphasize the importance of excellent room comfort and a high standard of hotel hygiene and cleanliness.

Another increasingly vital aspect contributing to guest satisfaction is the quality of food provided. Guests derive pleasure and satisfaction from organic, healthy, and well-presented

meals. Addressing diverse dietary preferences is undeniably crucial for enhancing guest satisfaction.

An aspect that leaves a lasting impression on guests and significantly influences their overall experience is the level of service provided. The professionalism and demeanour of the service staff across all hotel departments greatly impact guest satisfaction and subsequently influence guest loyalty. Therefore, employing staff based on their talent and professional competence is imperative for the success of a hotel business.

Guests' feedback underscores that personalized service remains a strong competitive advantage regardless of a hotel's luxury status. Guests' degree of satisfaction is heavily dependent on the quality of hotel products and services, as well as the memorable experiences they take home and share with others, which in turn fosters repeat visits and guest loyalty.

Undoubtedly, the value-for-money proposition significantly influences guest decisions and subsequent satisfaction. A product or service that provides perceived value is more likely to be recommended and repurchased. Consumers are willing to pay premium prices for products that meet or exceed their expectations and align with their values, establishing an emotional connection that leads to customer loyalty.

Guest satisfaction and delight serve as essential prerequisites for consumer loyalty and positive word-of-mouth promotion. Satisfaction can be gauged across various indicators, including complimentary services, staff competence, hotel facilities, ambiance, location, and food quality. A consistent trend towards prospective guest loyalty is evidenced by metrics such as repeat visits and positive recommendations via word-of-mouth.

6. Conclusions

As it has become clear, most of the marketing literature recognizes guest satisfaction as an important antecedent of brand loyalty. A high level of guest satisfaction has many benefits for the brand, such as increased consumer loyalty, good reputation, reduced price elasticity, positive word-of-mouth and many other advantages. Brand loyalty can provide significant benefits for both consumers and businesses. Guest loyalty is an expression of satisfied, even exceeded, guest expectations. Guest satisfaction plays a critical role in repeat purchase and future loyalty.

The survey results show that guest satisfaction significantly affects their loyalty. The guests' perception of the fair price is an important construct building their satisfaction. It is equally important that consumers of hotel services are satisfied, both with the good staff attitude in each hotel unit, and with the offered basic hotel services including food and accommodation, room cleanliness, hotel location, etc. Ancillary available services are also significant as well as their quality. A hotel long-term success in the marketplace is primarily determined by its ability to expand and maintain a large number of loyal guests. Therefore, hotels must constantly strive to develop and maintain the loyalty of their guests.

The hotels in the Blagoevgrad region boast a great volume – 64%, of reported multiple stays, i.e. repeat visits, for what this region with its hotels served a proper object of research on guest loyalty. The study outlined the set of indicators, which are of crucial importance for guest satisfaction, hence loyalty. These are hotel location, food quality, room comfort, hotel hygiene, staff competence, and value for money and more.

The study constraints stem from the finite set of indicators employed to measure hotel guest loyalty. The scope of evaluation metrics can be expanded offering a foundation for future investigations in this area. Another research limitation was related to the short time span during

which the survey was performed. It is recommended that future research be done at a longer time period (more than three months), hence a larger sample size.

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Data Availability Statement: The data presented in this study are primary data gathered through a questionnaire survey among hotel guests and secondary data withdrawn from the National Statistical Institute in Bulgaria as well as the Electronic Directory of Hotel in Bulgaria.

Conflicts of Interest: The authors declare no conflict of interest.

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