# MARKETING MIX AND SERVICE QUALITY (SERVQUAL) ATTRIBUTES AS DETERMINANTS OF CUSTOMER SATISFACTION IN SELECTED THREE STAR HOTELS IN DAVAO CITY

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## INTRODUCTION

### Rationale

The use of marketing mix for the hospitality industry is crucial for the success of hotel marketing efforts. It indicates the several marketing variables used by marketing people to target specific guests or marketing segments such as corporations, transients, groups, conferences, leisure and other clients. Success in this industry relies on catering to the needs and expectations of the targeted clientele, creating a desirable atmosphere and providing a wide variety of services and amenities to satisfy customers (Mok, Sparks & Kandampully, 2011).

Evidently, the role of service quality in the success of hotel business operation cannot be denied. It is vital for management to have a good understanding on what exactly the customers want. Identifying the specific expectations of customers, the dimensions of service quality and its importance for customers will definitely help managers in providing quality service to the clients (Akbaba, 2016). The hotel industry is a business sector that provides personal services for both the travelling public and permanent residents. Historically, the primary purpose of hotels is to cater to the needs of the travelers with shelter, food, and refreshment. Nowadays, hotels have taken on many other functions such as centers of sociability, places of public assembly and deliberation, and vacation spots (Reid, 2006).

Marketing mix is used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market. It involves the accurate product placement to target customers, promotion efforts, product packaging, branding as well the sponsorship of well-respected people who attest to the product claims and benefits. It is important in business for it maximizes the company's chances of attaining steady, continual success in its operations (Hooley, Saunders, Piercy & Nicoulaud, 2010).

Customer satisfaction is part of marketing mix. Kotler defines it as the person's feelings of pleasure or disappointment resulting from the comparison of the product's perceived performance in reference to expectations. Customer satisfaction is a very important factor in the determination of hotels' competitiveness and indispensable for the successful survival of any

organization. As one of the major problems faced by the hotel industry at present, hotels must be able to solve customer complaints, fix issues encountered in order to keep their guests happy (Kotler, 2013).

Satisfied customers are the real assets of any organization to ensure long-term profitability in this era of great competition. They repeat their experiences to buy the products and also create new customers by communicating positive messages about it to others. In contrast, dissatisfied customers will switch to competitors and communicate negative messages to others. Therefore, customer satisfaction is the center of organizational effort and the key to its success and survival (Cravens, 2012).

As such, travelers depend on hotels to supply a secure, pleasant place for a temporary stay whether they are business people, families on vacation or groups of tourists. They all need a safe and comfortable accommodations and the hotel industry is where they turn to. Hence, quality services should be the most variable feature of the hotel industry (Andrews, 2010).

Furthermore, Andrews added that the hotel industry is divided into five categories, the transient or commercial, motels or motor inns, residential hotels, resort hotels and convention hotels. In the United States and other foreign countries most of their commercial or business hotels cater to business travelers such as corporate travelers, commercial group travelers, international business travelers, and leisure travelers which include family travelers, single travelers and special interest travelers. He claimed that the hotel industry operates on a three shift system, providing 24-hour service for their guests. The jobs most visible to the public are the front office service, marketing and sales, and accounting workers; they fill the front of the house positions. Less visible, are the back of the house jobs which include those in the food and beverage such as the bartenders, chefs, waiters, housekeeping, engineering and maintenance staff. Regardless of an establishment's category, all positions from bellboys to executive managers must share the same goal, serving the public. The primary responsibilities of those who work in the hotel and lodging sector should make sure that guests' needs are attended to and their accommodations are comfortable.

The Department of Tourism, Region XI, reports that international tourist arrival in Davao has increased by 24% for the past 3 years and therefore there is a need to prepare and improve more rooms for accommodation (Alabado, 2015). Hotels in Davao City are mostly three-star or the economy standard class hotels.

It was also found out that the success of hotel establishments depends largely on quality services that are provided to its guests coming from different cultures, with different educational levels, languages, tastes and preferences. Healthy revenue and profit margins are crucial to the success of any business. Therefore, to attract clients and maintain loyal customers are very important (Andrews, 2010).

Based on the challenge of the regional tourism director, the researcher believes that monitoring the bottom line of the business operation in order to provide quality services is one part of the formula to create a competitive advantage in hotel businesses.

**Research Objective**

This study investigated marketing mix and service quality attributes critical to customer satisfaction among the selected three star hotels operating in Davao City. In more specific terms it aimed to achieve the following objectives;

1. To describe the level of marketing mix used in the selected hotels in terms of:
    1.1 product
    1.2 price
    1.3 promotion
    1.4 place
2. To ascertain the level of service quality attributes of the selected hotels in terms of:
    2.1 reliability
    2.2 tangibility
    2.3 responsiveness
    2.4 assurance
    2.5 empathy
3. To assess the level of customer satisfaction in terms of:
    3.1 customer repeat purchase
    3.2 customer retention
    3.3 customer loyalty
4. To determine the significance of the relationship between marketing mix and customer satisfaction in terms of:
    4.1 customer repeat purchase
    4.2 customer retention
    4.3 customer loyalty
5. To determine the significance of the relationship between service quality attributes and customer satisfaction in terms of:
    5.1 customer repeat purchase
    5.2 customer retention
    5.3 customer loyalty
6. To determine the combined and singular influence of marketing mix and service quality attributes on customer satisfaction.

**Hypothesis**

The following hypotheses were tested at 0.05 level of significance:

1. There is no significance of the relationship between marketing mix and customer satisfaction among the selected three star hotels.
2. There is no significance of the relationship between the service quality attributes and customer satisfaction among the selected three star hotels.
3. There is neither a combined nor a singular influence of marketing mix and service quality attributes on customer satisfaction.

**Review of Related Literature**

In this part is presented the review of literature pertinent to the variables used in this study. The independent variables are marketing mix and quality service in relation to customer

satisfaction which is the dependent variable.  Marketing mix is composed of four indicators; product, price, promotion and place (Kotler & Armstrong, 2013).  Service Quality is also composed of five indicators: reliability, tangibility, responsiveness, assurance and empathy (Bahatia, 2006). Customer Satisfaction has three indicators; customer repeat purchase, customer purchase retention and customer loyalty (Peter and Olson 2010).

### Marketing Mix Strategies in Hotel Industry

The concept of marketing mix started as a result of economic and business pressure in order to satisfy customers' needs.  Marketing mix in the hotel industry is due to the growth in the number of international tourists in need of accommodation and the increase in competition from other service providers. Moreover, the hotel industry is a global market increasing in competition and so winning regular and loyal customers becomes a problem (Na, 2010).

In the Philippines, the hotel industry is governed and supervised by the Department of Tourism under the rules and regulations of Republic Act No. 9593, otherwise known as Tourism Act of 2009 (DOT Handbook). This Act provides the complete rules and regulations for accreditation. Problems shall be encountered if these requirements are not complied fully within the period set by the DOT. Non-compliance can be a ground for cancellation or downgrading of accreditation and they will lag behind the needs of the time. Therefore the urgent need for these selected hotels is to comply with all the DOT requirements for accreditation and maintain this in order to improve and promote quality service delivery and gain customer satisfaction (Department of Tourism Manual, 2010).

Marketing mix is a mixture of elements which interact with and complement each other; this is used by hotel marketing managers in order to attain marketing objectives and marketing targets in terms of sales, profit and customer satisfaction. It plays an important role in the satisfaction of human wants by maintaining regular supply of goods to consumers. It also provides useful goods and services, better life and welfare to satisfy people's wants and to make their life happy and enjoyable (Kadhim, Abdullah & Abdullah, 2016; Owolabi, 2010).

Therefore, to gain competitive advantages for an organization regardless of size and scale, one applies strategic marketing planning. Every organization needs to adopt a well-planned marketing mix strategy to sustain its operation in a competitive market. Likewise, it serves as a management tool which will help hotel managers and leaders to understand customers and give them satisfaction.  The most important goal for any business, especially hospitality and tourism, is to recognize and please their customers. It will also assist and guide the hotel management to develop a unique identity in the market, grow its business demographically, geographically  and  serve  the  customers better than the competitors (Kotler, Keller, Ang, Leong & Tan, 2012; Kurtz & Boone, 2010).

Marketing strategy has two interrelated components: the target market and the marketing mix. The target market of the selected three star hotels are the inbound and outbound guests, the overnighters, day tourists, walk-ins, and the confirmed check-in guests. Target market identifies the profile distinct groups of buyers who differ in their needs, wants and preferences and establish an integrated marketing communications campaign in delivering the advantages of the desired products or services (Lovestock & Wright, 2012).

In the hotel business, marketing mix is used to indicate the several marketing variables used by the sales team to target specific guests or target market segments like corporate business travelers, groups, transient, and leisure travelers, including family travelers. Maximization of value to cultivate long term customer relationship require hotel establishments to move away from wasteful mass marketing to precision marketing designed to build strong customer satisfaction (Satit, Tat, Rasli, Chin, & Sukati, 2012).

Product as a dimension of marketing mix comprises the availability as well as the quality provided to the customers by the hotel facilities. Hotel services such as guest rooms, food and beverage, banqueting and executive dining room, housekeeping services, conference, recreational, health and wellness facilities, front desk express check-in, checked-out services, travel desk, business center, parking facilities are called tangible and intangible products (Srivastara, 2012).

The success of hotel management in their operation largely depends on a product that suits the changing needs of the guests. Studying the existing market conditions will help them in product development. Hotel management who are aware of societal changes in lifestyle can innovate or upgrade their services in time. Companies today are tracking the pace of rapid changes in technology and consumer behavior to improve existing products in order to drive growth and profitability. Successful hotel product innovation can lead not just to products that satisfy the existing needs of customers but also to market expanding breakthrough (Talabi, 2015).

Price is the second element of marketing mix. It is the equivalent amount of money that customers have to pay in order to obtain the product. Due to the seasonality and perishability of hotel products, it is important that a hotel sets the right price for its product to ensure high occupancy rate. In a situation where the customer considers the price to be too expensive there is a high tendency to switch to other competitors' product and service or to search for an alternative accommodation. When the price is too low, hotel's operations will highly be affected so consequent customers will be dissatisfied. The pricing decision is one of the most important managerial decisions to make when it comes to hotel business. In deciding on the best pricing policy to adopt, management should know the other factors to consider such as customer's preferences, quality season of the year and brand name affecting the perceived value of the hotel product (Smith, 2011).

Furthermore, Smith claimed that price offering is an art and its main goal is to optimize profit, reduce losses and maintain market share for the business establishment. It is a very important element of the marketing mix for it generates a turnover for the organization. Accordingly, price is the amount that can be charged for the company's products or services. When correct pricing strategy is implemented it gets new customers and retains the loyal ones. So in the setting of prices, managers/owners should see to it that prices are reasonably affordable, fair, and competitive.

Price is defined as the only element among the 4P's of marketing mix that generates income and so it is important in the operational market. Pricing must be viewed as part of the total offering, it tells something to the customer and should be looked at from this aspect as well as from the financial side. It is usually based on analyses of cost, customer needs, competitive prices, and government regulatory and political mandates. The right price is one which the

customers will be willing to pay and at the same time it allows a reasonable margin of profit (Young & Pagoso, 2008; Salvador & Fua-Geronimo, 2009).

The third element of marketing mix is promotion. It is how the hotel portrays itself to people and how the people perceive the hotel.  Their image is a mixture of location, facilities and services that the hotel offers and how they market those elements. The hotel's name and appearance is included. In this present generation, Website based marketing is an approach that hotels can use to establish interactive relations with the potential customers. Complete information should be accessible on the website of the hotel regarding the quality of service being provided. Along with the website is the facility of online reservation and cancellation accompanied by facility of printable brochures. The hotel's web address should present websites of various travel agencies. It helps the customers to find the hotel according to their requirements (Callen, 2009; Tsiotsou & Goldsmith, 2012).

Place as the fourth P of marketing mix is where the hotel is geographically located.  A well located hotel plays a major role in the enjoyment of the travelers for facilitates the tourists' navigation of attractive surroundings as well as unfamiliar places according to its accessibility and convenience (Wilson, 2005).

In addition, Wilson said that the strategic location of any hotel is determined by its accessibility to the preferred modes of transportation for delivering the products to the target market.  Hence, most hotels locate their facilities in areas such as airports, urban centers, industrial centers, and other areas near tourist spots purposely to invite and win more local and international visitors. The marketing decision on strategic location involves company time and resources but it can result to long-term growth and profitability and allow the investors enjoy their investment (Clarke, 2010; Keegan & Green, 2005).

### Service Quality Dimensions

Service quality is defined as an assessment of how well a delivered service conforms to the client's expectations.  Service business operators should regularly assess the service quality provided to their customers in order to improve their service quality, quickly identify problems, and evaluate and maintain clientele satisfaction (Bucak, 2014).

To measure operation performance, this study used Parasuraman's ServQual framework as well as the Kotler and Keller (2006) concepts on service quality with indicators such as reliability, tangibility, responsiveness, assurance and empathy.

Reliability is that which reflects the service provider's ability to perform service dependably and accurately; it includes "doing it right the first time" and maintaining an error-free record on promises of the hotel management and its execution from customer's the point of view.  Service reliability is a very essential determinant of the product quality besides good personal service, staff attitude, knowledge and skills. It is the outcome of the hotel's continuous improvement. To most customers, it's the service "core" which managers must use in every opportunity and build a "do it right first" attitude (Omar, Saadan, & Seman, 2015).

It is vital to make customers to trust the organization to perform what it promised to do. The following attributes in reliability dimension such as accurate delivery service and complete order services can make customers recognize the hotel personnel's consistency and credibility. Being reliable is an extremely important quality to possess, especially in the customer service

realm. Prove to your clients that you are reliable in doing what you say, are truthful to your offering, that such online service is always correct, promised services are delivered on time, accurate online booking records and website are always available. This operation, will promote customer retention and loyalty to the establishment.  Being untruthful and unreliable would result to a decline of the ROI (Anderson, 2005; Wahaba, Hassanb, Shahidc & Maond, 2015).

In addition, reliability is considered as one of the most crucial characteristics for customers in evaluating service quality. It relates the customer's expectations, particularly on the output work performance of hotel workers. Hotel personnel show their reliability in performing their given duties and responsibilities. Dependability   and quality services rendered will satisfy the hotel   guests.

Tangibility refers to the physical appearance of the product, including the neatness of the front office staff and professionalism of employees. It includes the facilities, tools, equipment, state of the art of technology that are being used to facilitate prompt transaction to satisfy the needs of customers, the quantity or material composition and its characteristics such as size, color, weight, volume, smell, taste, touch and other related service information (Aldsqre, 2011; Rao & Sahu, 2013).

In like manner, it refers also to the use of promotional items to contribute to brand recognition and customer loyalty. It allows customers a concrete object to hold in their hands. This engages the senses and makes product brand more memorable. In addition, tangible marketing products build customer loyalty because it lets the customers know that the hotels have the available products according to the level of needs, tastes and preferences. It places branded items in customers' hands, thus create a better customer relationship (Callen, 2009; Cruz, 2015).

Responsiveness is the willingness of the company to help its customers by providing them with a good, quality and fast service to make them feel more valued. More so, responsiveness is communication, it relates to the degree of what the server says and how he responds clearly and directly to what the customers have requested. If the service crew is responsive, the other person knows he is paying attention and he cares enough for what the customer is talking about. More so, customer responsiveness establishes better relationship and trust. When customer responsiveness is priority; clients increase while problems and issues decrease. Keeping customers happy is the key to ensure that your old clients will remain while gaining new clients. Ignoring customer inquiries can cause dissatisfaction and make them shift to other competitors' services (Kotler, 2013; Na, 2010).

 Assurance is an essential dimension of service quality after reliability and responsiveness towards satisfaction. Hotels can create customer satisfaction by ensuring trustworthy behavior and reflection of genuine commitment to service provision. Assurance will indicate the employees' knowledge, courtesy and ability to incorporate trust and instill confidence that the customers feel safe in their transaction. This principle involves every touch point within the organization; from people that answer the phone to the people that interact with the customer every day, assurance must be a priority to sustain long term profitability and success of the organization. Assurance quality service will increase company credibility to have a better competitive edge against its competitors. It is the amount of confidence that a business

establishment instills in their respective clients to make them trust the company (Mok et al., 2011).

Empathy is the ability to experience and relate to the thoughts, feelings, emotions or experience of others. Empathy is more than simple sympathy, it is understanding and supporting others' needs with compassion or sensitivity for the purpose of developing customer relationship. Empathy shows the magnitude of caring and individual attention given to the customers. In hotels, customer care and individual attention is indispensable for better performance due to stiff competition. Hotel customers consider empathy as an important dimension of service quality. The employees' commitment to deliver quality and efficient services will greatly satisfy customers (Razalli & Rizal, 2008).

In the workplace, empathy shows a deep respect and care for co-workers as opposed to just doing something by rules and regulations. An empathic leadership style motivates every personnel to feel like a team with one common direction. When this happens, productivity, morale and loyalty will increase. Empathy service dimension is a powerful tool to achieve organizational objectives (Carev, 2008).

### Customer Satisfaction

Customers play an important role in the organization's ability to generate income. Therefore caring customers is must service strategy of an overall approach to systematic improvement. Likewise it should be the prime consideration of every business because sales and profits depend on keeping the customers satisfied and happy. Furthermore, satisfied customer is the real asset for any organization that ensures long-term profitability in an era of competition. It has been found that a satisfied customer repeats his experience to buy the products and also creates new customers by communicating positive messages about it to others. On the other hand, dissatisfied customers will switch to alternative products and services and communicate negative messages to others. Thus, any business organization must ensure customer satisfaction regardless of their goods or services in order to retain existing customers and to attract new ones. Customer satisfaction is the center of organizational effort and a key to its success and survival (Craven & Piercy, 2008; Bucak, 2014).

The determinants of customer satisfaction are perceived quality and perceived value. Perceived quality refers to a customer's perception of the overall quality or superiority of certain products or services offered with respect to its intended purpose, relative to its perceived value and is a measure of quality relative to price paid. Hence price is one of the most important factors to consider for a customer's first purchase, because it usually has an impact on satisfaction for repeat purchase. It is pre-purchase expectation stage that measures the customer's decision to buy the quality of a company's product or service. Expectations represent both prior consumption experience which includes some without experiential information like advertisement, customer's word of mouth and a forecast relating to the company's ability to deliver quality products and services in the future (Duncan, 2008; Kotler & Armstrong, 2013).

Customer satisfaction is a measure of how products and services supplied by a company meet customer expectations. It refers to the extent to which customers are happy with the products and services provided by the selected three-star hotels. Gaining high level of customer satisfaction is very important issue to consider because satisfied customers are likely to be loyal,

make repeat orders and use a wide range of services offered by the establishment. Subsequently, in today's competitive environment delivering high quality service is the key for a sustainable competitive advantage. Satisfied customers form the foundation of any successful business because customer satisfaction leads to repeat purchases, purchase retention, and customer loyalty. Many researchers claim that customer satisfaction will have a positive effect on the hotels' operation performance (Magtef & Tomalieh, 2015).

Customers who are satisfied will share their pleasant experiences with at least five to six people. On the contrary, dissatisfied customers are more likely to tell ten other people of their unpleasant experiences with the product or service which will bring bad image to the product. Customer satisfaction is the outcome felt by those who have experienced a company's performance which fulfilled their expectations. Nowadays, all companies are realizing the significance of delivering service quality which will lead to customer satisfaction or that can meet or exceed customer expectations (Palmer, 2011).

Furthermore, satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive regarding the fulfilment of some needs, goals or desires. When customers are satisfied they become loyal buyers. They will have deep commitment to re-buy every now and then a preferred/needed product or service despite situational influences and marketing efforts to cause them to switch behaviour to buy from others (Sangkaworn, 2011; Gunarathne, 2014).

The repeat purchase of customers is a vital strategy in maintaining old customer and attracting new ones. This is a crucial job and so hotel management offers different packages for their customers to rebuy and be able to retain them. These are the kinds of products which are bought frequently like the various lines of foods and beverages made available within 24 hours, a week or a month. The friendly staff, reasonable prices, quality room services and comfortable accommodations are strong factors to repeat buying. These are leading indicators to measure the extent of customer satisfaction. In addition, it is also known as the key point of differentiation to help attract new customers in a competitive business environment. The customer's repeat buying behavior is a measure to a brand loyalty. It signals how likely a customer will make a purchase in the future. It denotes how a product or service served by a company meets or surpasses expectation. Enjoyment of the travellers is a good sign that they will become repeat customers and advertisers of the hotel establishment. The failure to achieve 100% repeat purchase might indicate a warning that customers are unhappy and a risk to business profitability (Gbenga & Osotimehin, 2015).

Customer purchase retention is for management to filtrate existing customers and for this reason the hotel offer differentiated goods and services for retention. Customer retention is the company's objective to maintain long-term relationship with customers and the activity that a selling organization undertakes in order to reduce dissatisfied customers. Successful customer retention starts with the first contact and continues throughout a long term partnership in the industry. It is the company's ability to retain the new and existing customers. Customer retention is more than giving the customers beyond or exceeding their expectations so that they become an advocate for the hotel's brand product. Creating customer retention establishes customer value rather than profit maximization and shareholder value being the center of business strategy. The key differentiation in a competitive environment is most often the delivery of a consistent high

standard customer service. The pre-requisite to a significant impact of customer loyalty is attained through customer retention by the provision of quality services (Haghighil & Rahnama, 2012).

Business retention of customers largely depends on the positive images of the hotels. This includes identifying the customer needs, wants, and requests as well as providing users with the products and services required in the use of technology that customers feel recognized and respected. Customer retention has a direct and great impact on long term profitability and it is a strong predictor of the firm's financial success (McCullagh, 2010).

Customer loyalty is an important company strategy to attain objectives, an established bonding between customers and the company. It helps to keep the current clients and it is vital in any organization. Customer loyalty is considered a strong alliance in maintaining the company's desirable income even during economic crisis. Thus, hotel management must meet the customers' needs and ensure their satisfaction. Unless an organization cares about its customers, customers won't reciprocate in a similar manner. High market competition necessitates that organizations constantly improve their relationship with customers. This can translate into efficient customer lifecycle management by evoking a positive experience across the customer journey. While acquiring new customers is essential, organizations must emphasize retaining existing ones and creating loyal customers who will ensure stable business operations. The better the relationship customers share with an organization, the greater their potential to generate revenue for the business. Loyal customers, by definition, will purchase your goods or services again and again over time (Magtef & Tomalieh, 2015).

Customer loyalty from existing customers and new customers of the organization increases sales and this signifies that the company has already won the trust of customers. The more loyal customers the organization has, the better brand image they can create. It also determines brand's popularity and enhances and provides a better opportunity for sales growth (Cravens & Piercy, 2008).

Nowadays, with the markets getting more competitive and the working environment undergoing constant change, increasing customer loyalty has become a hot topic among managers, consultants, and academic scholars. The importance of this issue is due to the fact that it leads to purchase of goods and services by the customers. Organizations and institutions that are successful in gaining customer loyalty have a major competitive advantage. Retaining existing customers is much more effective than attempting to attract new customers to replace the lost ones. For hotel restaurant owners, it is imperative to understand specific decision making criteria that customers use for restaurant selection to be able to affect selection decisions of customers. Subsequently, customers today, seek "a set of benefits" with various capabilities to satisfy their needs through customer loyalty program provided by the company where they can get a wealth of consumer information. While companies can evaluate different purchases, the use of a loyalty program gives additional information about the type of products that the customers purchase. Customer loyalty is considered an important factor to increase profitability and maintain the position of the organization to hold their loyal customers as a competitive asset (Lathanhi, Pradhan & Suthar, 2014).

The Kano theory of product development and customer satisfaction developed in 1990's claimed that businesses today are seeking feedback to improve customer satisfaction for it

provides leading indicators to customers' purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions. Its principal use is twofold: first, within organizations, the collection, analysis and dissemination of these data sends a message about the importance of tending customers and ensuring that they have a positive experience with the company's goods and services. Secondly, although sales or market share can indicate how well a firm is performing currently, satisfaction is perhaps the best indicator of how likely the firm's customers will make further purchase in the future.  When a customer is satisfied with a product, he will recommend it to friends, relatives and colleagues and it becomes a powerful marketing advantage. In addition, the company which has the maximum customer satisfaction also has the best chances for growth. It is the key to customer retention. With higher customer satisfaction, the customer is likely to buy the product, upgrade it regularly, spread the word about the product and give a positive feedback as well as profitable ideas for the company (Kotler & Keller, 2006).

On the issue of quality from the customer's perspective, customers know that there are certain companies producing better quality products than others and they buy accordingly. Therefore, a firm must consider how customers define quality (Keller, Ang, Leong, & Tan (2012).

Dr. W. Edwards Deming, consultant, statistician and author on quality management, claimed that customer satisfaction as the most important part of the production line should aim at the needs of the customer, present and future.  Product and service quality is determined by what the customer wants and is willing to pay for. Nowadays, companies are systematically monitoring how well they treat their customers, how to identify the factors that shape customer satisfaction, and how to make changes in their operations and marketing. As a result, highly satisfied customers will stay loyal for a long time. They will buy more as the firm introduces new products and upgrades existing products. They will talk favorably to others about the firm and its products, pay less attention to competing brands and is less sensitive to price. These loyal customers will even offer product or service ideas to the firm, and it costs less to serve them than new customers because transactions become a routine (Lehmann &  Winer, 2005; Stevenson, 2011).

Greater customer satisfaction is linked to higher stock-market returns and lower market risk. High satisfaction or delight creates an emotional bond with the brand or company, not just a rational preference.  As business executives have found out, very much satisfied customers are six times more likely to repurchase the products than the "satisfied" customers (East, Wright & Vanhuele, 2013).

Customers vary their rating on their satisfaction level towards the firm's performance. Two customers can report being "highly satisfied" with different reasons, because of culture, belief and adaptation. One may be easily satisfied most of the time and the other might be hard to please but was pleased on a particular service occasion. Due to this marketers can monitor customer satisfaction by knowing how well their customers are being treated by front-line hotel service personnel, which in turn are determined by all the functional areas that contribute to customers' satisfaction experiences (Peter & Olson, 2010).

**Correlation between Measures**

Correlation between measures is used to describe the strength and direction of relationship of the independent and dependent variables. It is used to depict whether the relation between the variables are positive or negative. In a positive relationship both variables tend to move in a parallel or the same direction, meaning if one variable increases it affects the other to also increase, but in a negative relationship it will show the opposite direction, meaning if one variable increases the other will tend to decrease or vice-versa. In addition, correlation between measures is also used for prediction, validity and verification. There have been exhaustive research studies concerning the correlation between marketing mix and service quality as variables that eminently affect the level of customer satisfaction in the hotel industry (Berenson, Levine & Krehbiel, 2006; Levin, Fox & Forde, 2010).

Marketing mix is focused on establishing customer satisfaction. It is an instrument that promotes customer value resulting to a better customer relationship as well as providing benefits to the establishment. When marketing mix strategy is effectively implemented it will increase the sales revenues, by achieving the hotel marketing target. Elements in marketing mix namely, product, price, promotion and place are the controllable tools that will contribute to customers' satisfaction. Furthermore, the concept correlation between measures determines the strength between the customers' satisfaction with the marketing mix model. It is the parameter that the marketing manager can control, subject to the internal and external constraints of the marketing environment, and gain insight into the trends of industry that would affect the success of the hotel business (Kotler & Keller, 2006; Niharika, 2015).

Quality is the ability of a product to satisfy customers' needs. It is derived from the successful management of the key products and services and the two broad strategies of control and quality assurance. Therefore, hotels and resorts must focus on providing quality services and products to their respective customers in order to keep them satisfied and make them "repeat clients". Service quality and customer satisfaction is an experience, perishable and cannot be inventoried for future use. Whether the company adopts a standard or localized international marketing strategy the services and products offered must be at its highest quality for survival reasons. The dining experience and image of a hotel restaurant may be enhanced through friendly welcome and devotion to the slightest of customer's needs. Regardless of hotel and restaurant type, promptness and courtesy should be offered to customers (Rao & Sahu, 2013, Akbaba, 2016).

Service quality and customer satisfaction portray the organization's ability to meet customers' desires and needs. Service is a set of features, characteristics or attributes that are required or expected by the customers. It is the ability of the product or service to meet customer expectations and requirements. In the hotel industry, management must focus on providing quality services and products to their respective customers in order to keep them satisfied and make them repeat clients. Service quality and customer satisfaction are the key factors to obtain competitive advantage and customer retention. Promptness and courtesy should be offered also to customers after all enterprises exist because they have customers to serve. Enterprises then must understand and satisfy customer's needs so they can make greater profits than those who fail to understand and satisfy them (Har, 2014: Na, 2010).

Customers compare their expectations about a specific product or service and its actual benefits. This comparison results into three types of customers; dissatisfied customers whose

expectations are more than actual performance of the service, satisfied customers who consider actual benefits realized from services as equal to or more than expectations, and the indifferent customers who see actual performance and expectation as exactly equal. In the hotel industry, service quality is a paramount consideration for customer satisfaction. Therefore, firms have to consider the perceptions and expectations of their customers before they can assess how their attitudes and behaviors will affect their perceptions of high quality services (Gunarathne, 2014).

Customer satisfaction can be the result of high quality services when management implements service quality properly. If management does not know how to implement it well it will yield to unsatisfied customers. Managers must be sensitive on the perceptions and expectations of customers because their purchase decision is affected by their attitudes and behavior (Omar et al., 2015).

**Theoretical Framework**

This study is based on the concept of customer behavior on purchase satisfaction by Peter and Olson (2010). Remarkable revenues or market shares according to them indicate how well a firm is performing quality service delivery. Satisfaction is the best indicator of how likely it is that the firm's customers will make future purchases. When a customer is satisfied with a product, he or she will likely recommend it to friends, relatives and colleagues and it becomes a powerful marketing advantage.

The concept of Clarke (2010) and Szwarc (2005) were also considered in the formulation of the theoretical framework wherein he said that the company which has the maximum customer satisfaction has the best chance for growth because it is the key to customer retention. With higher customer satisfaction, the customer is likely to repurchase the products, spread the word about the products, and give a positive feedback as well as profitable ideas for the company. Quality service should be aimed at the needs, wants and expectations of the consumers, present and future. From this perspective is determined what the customer prefers most and what he is willing to pay for. Organizations who concentrate on customer expectations will result in greater satisfaction.

Hotels then are strongly recommended to identify gaps from the plan versus reality. These gaps if positive will have its synergistic effect to the company that can contribute to its market growth, profitability and its bottom lines. If negative gaps are noted and unattended, setbacks may take place and could affect the hotel's market performance (Mola & Jusoh, 2011).

**Conceptual Framework**

The conceptual framework of this study as presented in Figure 1 is anchored on the interplay of relationship between the four P's of marketing mix by Kotler and Keller (2006), as well as the service quality concepts and dimensions of Parasuraman's (ServQual) which are pertinent to tourism, hospitality and leisure services by Bahatia (2006), who claimed that guests' perceptions of service quality vary widely, same as the guests' perceived satisfaction with performed services which are both used as independent variables. Customer satisfaction (Na, 2010) is used as the dependent variable that describes the extent of customer buying decision in terms of; repeat purchase, purchase retention and loyalty.

Marketing mix is a set of actions, or tactics, that a company used to promote its brand or product in the market. All of the elements; product, price, promotion and place must influence each other.  Even just one of these elements is not manage and implemented well it can cause marketing failures and may take a hurdle time to recover and win again dissatisfied customers. A company will only sell specifically what the customer wants to buy so hotel managers should study customers' wants and needs in order to attract them one by one with something they want to purchase. It means putting the right product in the right place, at the right price, at the right time (Dess, 2008; Smith, 2011).

The use and importance of marketing mix lies in its contribution to the formation of an effective marketing strategy and its practical implementation integrating all the essentials of effective marketing. Marketing mix allows the management to analyze and asses the feasibility of the mix product that must be
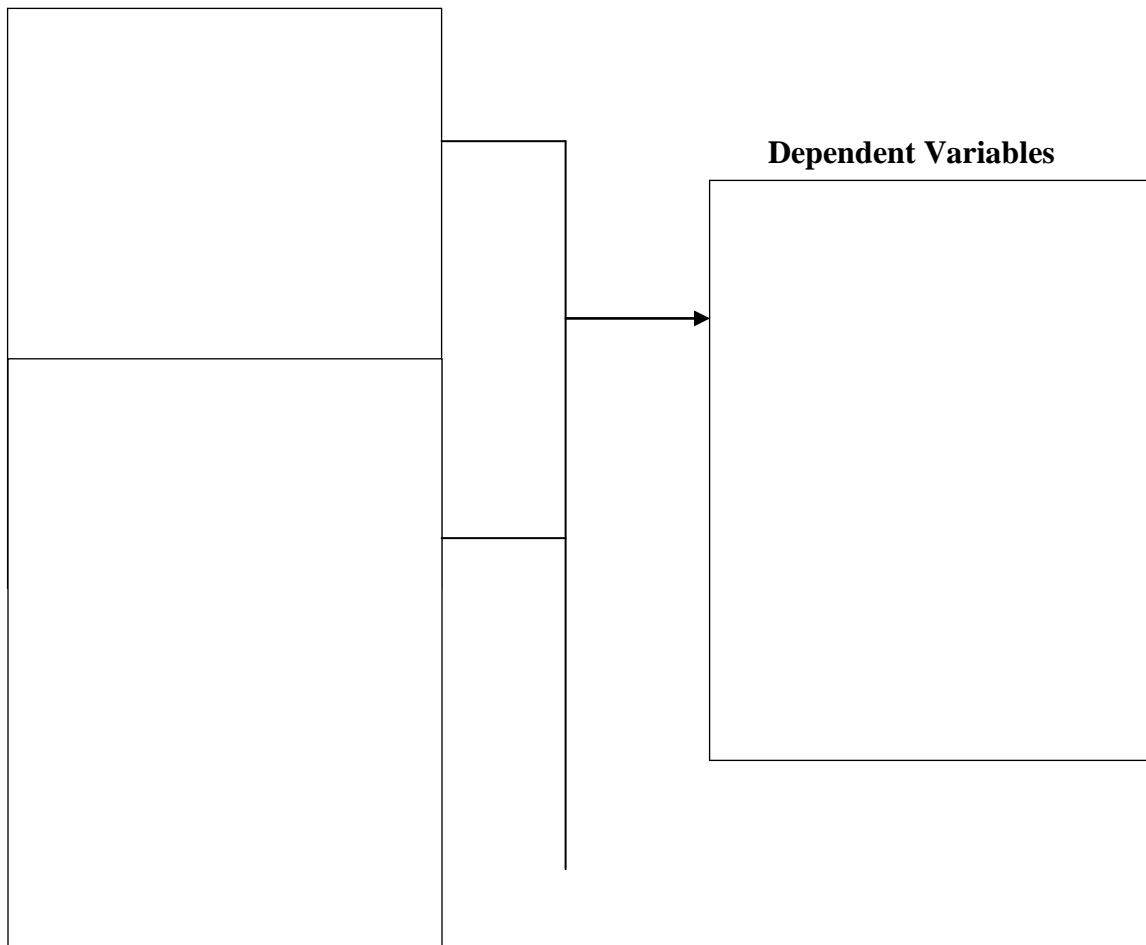
**Independent Variables**



*Figure 1.* The Conceptual Framework of the Study

offered by identifying appropriate distribution channels for the proper placement of the said mix product. Setting a suitable price and employing suitable promotional campaign for attracting and satisfying the customers is needed (Lovestock & Wright, 2012).

Marketing mix serves as a mechanism for building long term customer relationships of mutual advantage. Customers will be loyal to the business that serves them well, from the way in which a phone or email query is handled, the timeliness and reliability of product and service delivery expectations, and direct face to face interaction (Duncan, 2008; Muala & Qurneh, 2012).

On the other hand, service quality is a focused evaluation that reflects the customers' perception of specific dimensions of service on reliability, responsiveness, assurance, empathy, tangibility. Therefore, the gap between expectation and service standards on performance is the primary indicator of overall service quality. Satisfaction is influenced by perceptions of service quality, product quality, and price as well as situational and personal factors. It is undeniable that promoting better service quality produces customer satisfaction which will yield to business profitability (Jolles, 2009: Markovic & Jankovic, 2013).

Customer satisfaction is the result of high quality services when management implements service quality concepts properly. Hotel managers must take into consideration the perceptions and expectations of their customers because their attitudes and behaviors will affect how they perceive service quality.  If managers are not aware of how their customers perceive their services it is difficult for them to know what areas need improvement (Cruz, 2015; Reid, 2006).

**Significance of the Study**

The value of studying customer satisfaction is increasing in the hotel industry.  The results of this study can provide applicability and practical value for hotel managers not only in Davao City, but nationwide towards the development of strategies to maintain customer satisfaction. It will help identify the extent of marketing mix and the level of operation performance to describe the extent of customer satisfaction. The results can also provide guidelines for them to come up with marketing strategies focused on continued patronage, maintaining existing customers, increasing prospective customers, improving management and motivate personnel. It can help them maximize the identified practices for quality services and the best marketing mix suitable for their operations.

Since there have been very few studies analyzing marketing mix and service quality and their impact on customer satisfaction among the three star hotels particularly in Davao City, this study then can be an additional resource material for hotel managers.

**Definition of Terms**

The following terms are defined as used in the study.

**Three star hotel.** In this study, it refers to an economy standard class hotel with more amenities, better service, interior and exterior decorations than a two star hotel. It has more spacious rooms and adds high class decorations, furnishings and television. It also offers one or more bars or lounges, a midrange hotel, halfway between basic and luxury. Precise criteria depends on what country it is located.

**Marketing mix.** In this study, it refers to a business tool used in marketing, it is often associated with the four P's: price, product, promotion, and place.

**Service quality** is a focused evaluation that reflects the customer's perception of specific dimensions of service; reliability, responsiveness,    assurance, empathy, tangibles. Satisfaction is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors.

**Customer satisfaction** is a business philosophy which deals with    creation of value for customers, anticipating and managing their expectations, and demonstrating ability and responsibility to satisfy their needs. It is the outcome of consumer's the perception of the value received in a transaction or relationship, where value equals perceived service quality, compared to the value expected from transaction or relationship with competitors.

## METHOD

Presented in this chapter are the research design, research locale, population and sample, research instrument, data collection  and  statistical tools  of the study.

### Research Design

This study utilized the quantitative research design using correlational technique. A correlation technique is used when the goal of the research is to find out the relationship between variables and when the researcher wants to figure out which variables are connected (Ardares, 2008; Calderon & Gonzales, 2014; Calmorin, L. & Calmorin M., 2008). Hence, in this research, correlation was used in order to investigate the relationship between marketing mix, service quality and customer satisfaction in selected three-star hotels in Davao City.

### Research Locale

This study was conducted in Davao City. The data were gathered from the foreign and local tourists who were either overnighters, day tourists, walk-in or confirmed check-in guests of the selected ten three star hotels operating in this city. The purpose was to determine the effectiveness of the marketing mix approach used by the top management and the quality service delivery in relation to customer satisfaction.
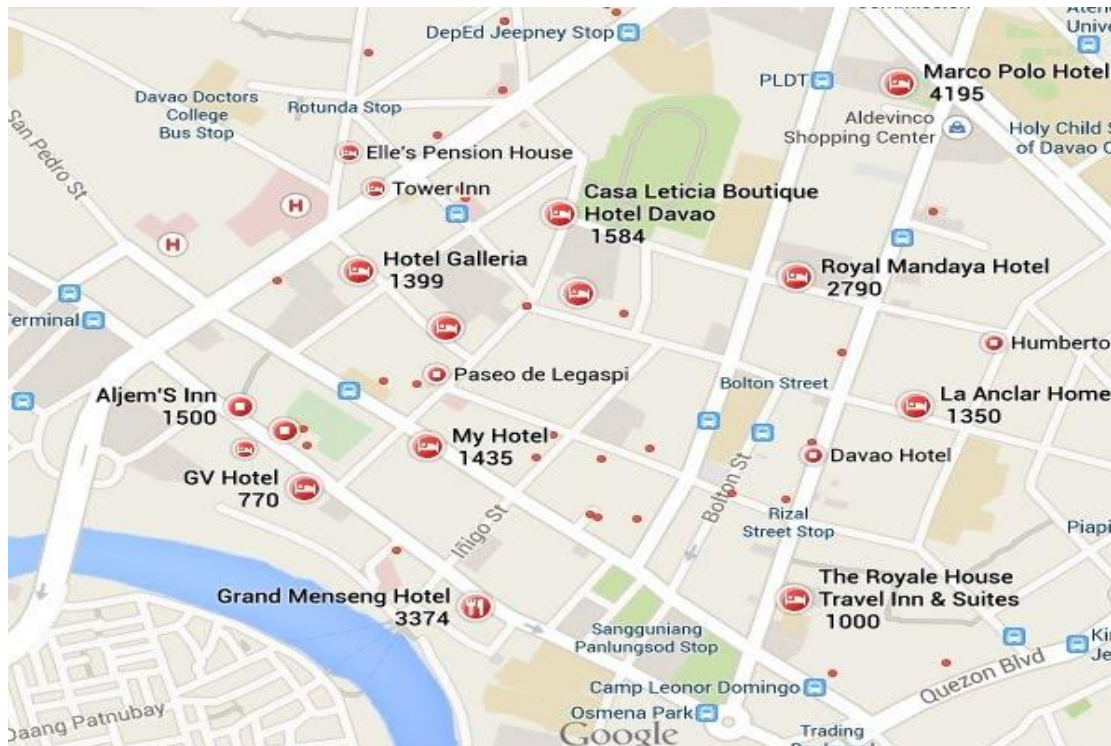
*Figure 2*.  Location map of the selected 3 star hotels in Davao City, Philippines

**Population and Sample**

The total number of respondents in this study was 400, with 40 taken from each of the ten selected hotels using the convenience and purposive sampling methods. Convenience sampling method was used in recruiting the respondents, while purposive sampling was used in selecting the three-star hotels to be included as units of analysis in this study.

As shown in the respondents' profile, 29.5 percent of the respondents were 20 to 30 years old, 54.25 percent were 31 to 40 years old and 16.25 percent 41 years old and above. The male respondents were 65.5 percent out of 100 percent and the female respondents were 34.5 percent. The local tourist respondents were 61.25 percent while the foreign respondents were 38.75 percent; checked-in guests were 66 percent and 34 percent walk-in guests.

The educational attainment of the respondents were as follows: those with a bachelor degree, 78.5 percent; 17.25 percent with master degree; and 4 percent with doctorate degree and 0.25 percent for 1 high school level, the son of one of the checked-in guests.

Of the total respondents, 67.25 percent were employees while 32.75 percent were businessmen. The data revealed that most of the respondents purpose of visit was leisure trip, knowing that Davao City is one of the most livable cities in the world and a suitable place for business. The total score for leisure trip was 42.25 percent, 28.5 percent for business trip and 29.25 percent for educational conference.

**Profile of Respondents**

| Particulars | | Count | Percentage |
|---|---|---|---|
| **Age** | | | |
| 20-30 | | 118 | 29.50 |
| 31-40 | | 217 | 54.25 |
| 41 and above | | 65 | 6.25 |
| | **Total** | **400** | **100.00** |
| | | | |
| **Gender** | | | |
| Male | | 262 | 65.50 |
| Female | | 138 | 34.50 |
| | **Total** | **400** | **100.00** |
| | | | |
| **Nationality** | | | |
| Filipino | | 245 | 61.25 |
| Foreigner | | 155 | 38.75 |
| | **Total** | **400** | **100.00** |
| | | | |
| **Hotel Guests** | | | |
| Checked-in | | 264 | 66.00 |
| Walked-in | | 136 | 34.00 |

|  |  | **Total** | **400** | **100.00** |
|---|---|---|---|---|
| **Educational Attainment** |  |  |  |  |
| High School |  |  | 1 | 0.25 |
| College |  |  | 314 | 78.50 |
| Master |  |  | 69 | 17.25 |
| Doctoral |  |  | 16 | 4.00 |
|  |  | **Total** | **400** | **100.00** |
| **Profession** |  |  |  |  |
| Businessman |  |  | 131 | 32.75 |
| Employee |  |  | 269 | 67.25 |
|  |  | **Total** | **400** | **100.00** |
| **Purpose of Visit** |  |  |  |  |
| Business Trip |  |  | 114 | 28.50 |
| Leisure Trip |  |  | 169 | 42.50 |
| Conference |  |  | 117 | 29.25 |
|  |  | **Total** | **400** | 100.00 |
|  | **OVERALL** |  | **400** | 100.00 |

**Research Instrument**

Data collection instruments such as the questionnaire were used in gathering the primary data. Best and Khan (2006) stated that if factual information are desired to be obtained, then a questionnaire should be used. They added that a questionnaire has a unique advantage and when properly administered, can serve as the most appropriate and useful data gathering devise in a research project.

In this study, questionnaires were administered personally by the researcher in order to explain to the respondents the purpose of the study and to establish rapport with them. Also, another reason for personally administering the questionnaire was to readily provide an explanation in case respondents wanted to be clarified in some of the items in the questionnaire, thus provide a high proportion of well-thought of responses.

Since there were three variables in this study, three questionnaires were also used: marketing mix strategies, service quality attributes, and customer satisfaction. Items in the marketing mix questionnaire were taken from Kotler and Keller's (2006) Marketing Mix Strategies; while items on service quality were taken from Parasuraman, Zeithaml and Berry's (1988) SERVQUAL. Whereas, items on customer satisfaction were taken from Na's (2010) work on Service Quality and Customer Satisfaction in the Hotel Industry.

Moreover, 5-point Likert's scales were used as basis in interpreting the data derived from the responses in the questionnaires. Each questionnaire had its own scale for interpretation consisting of a range of means, descriptive level, and interpretation.

**Rating Scale for the Marketing Mix Questionnaire**

| Range of Means | Descriptive Level | Interpretation |
|---|---|---|
| 4.20 - 5.00 | Very Satisfactory | This means that the respondents are very satisfied with the marketing mix items. |
| 3.40 - 4.19 | Satisfactory | This means that the respondents are satisfied with the marketing mix items. |
| 2.60 - 3.39 | Moderate | This means that the respondents are sometimes satisfied with the marketing mix items. |
| 1.80 - 2.59 | Low | This means that the respondents are unsatisfied with the marketing mix items. |
| 1.00 - 1.79 | Very Low | This means that the respondents are very unsatisfied with the marketing mix items. |

**Rating Scale for the Hotel Service Quality Attributes Questionnaire**

| Range of Means | Descriptive Level | Interpretation |
|---|---|---|
| 4.20 - 5.00 | Very High | This means that the respondents manifest a very strong agreement with the hotel service quality attributes items. |
| 3.40 - 4.19 | High | This means that the respondents manifest a strong agreement with the hotel service quality attributes items. |
| 2.60 - 3.39 | Moderate | This means that the respondents manifest a slight agreement with the hotel service quality attributes items. |
| 1.80 - 2.59 | Low | This means that the respondents manifest disagreement with the hotel service quality attributes items. |

| 1.00 - 1.79 | Very Low | This means that the respondents manifest a strong disagreement with the hotel service quality attributes items. |

**Rating Scale for the Customer Satisfaction Questionnaire**

| Range of Means | Descriptive Level | Interpretation |
| --- | --- | --- |
| 4.20 - 5.00 | Very High | This means that the respondents manifest a very strong agreement with the customer satisfaction items. |
| 3.40 - 4.19 | High | This means that the respondents strongly agree with the customer satisfaction items. |
| 2.60 - 3.39 | Moderate | This means that the respondents slightly agree with the customer satisfaction items. |
| 1.80 - 2.59 | Low | This means that the respondents disagree agree with the customer satisfaction items. |
| 1.00 - 1.79 | Very Low | This means that the respondents strongly disagree with the customer satisfaction items. |

**Data Collection**

The researcher sent a formal letter of request addressed to the hotel managers for a permission to conduct the study. After the letter was approved by the hotel managers, the researcher personally distributed the questionnaire to the hotel guests to ensure validity, accuracy, and prevent ambiguity in the understanding of the item questions.

The questionnaires were retrieved on the day set by the hotel managers, and the researcher collated and tabulated the data with the guidance of a statistician. The encoded data were analyzed and interpreted in conjunction with the problem statement.

**Statistical Tools**

The following statistical tools were used in interpreting the data:

**Mean and Standard Deviation** were used to assess the levels of marketing mix, hotel service quality attributes and customer satisfaction, in response to research objectives 1 to 3.

**Pearson r** was used to determine the significance of the relationship between the dependent and independent variables, in response to research objectives 4 and 5.

**Regression Analysis** was used to determine which among the indicators of marketing mix and service quality attributes best influenced customer satisfaction.

**RESULTS**

In this chapter are presented the tabulated data, the key findings of the research study and the analysis and interpretation of the data obtained from the 400 hotel guests as respondents. The order of the discussions on the topics mentioned are as follows:  level of marketing mix in terms of product, price, promotion and place used by the selected three star hotels in relation to customer satisfaction, and the level service quality (SERVQUAL) five service dimensions such as; level of service quality in terms of reliability, tangibility, responsiveness, assurance and empathy used in relation to customer satisfaction. The level of customer satisfaction in terms of repeat purchase, purchase retention and customer loyalty of the selected three star hotels in Davao City is also presented. In addition, the low standard deviation of less than one from the mean scores obtained in this study is interpreted as significant responses from the respondents.

**Level of Marketing Mix in terms of Product**

Presented in Table 2 are the ratings of the hotel respondents on the level of marketing mix in terms of product used by the selected three star hotels in catering to the needs of the travelers.  Data revealed that the respondents had manifested a satisfactory level with an overall mean rating of 3.58 as shown in the following descriptors in the   questionnaire:  *billing efficiency, variation of available menu and beverages, room accommodation, recreational facilities, and front desk services.* All

Table 2
*Level of Marketing Mix in terms of Product*

| Indicators | SD | Mean | Descriptive Level |
|------------|-----|------|-------------------|
| Billing efficiency | 0.73 | 3.96 | Satisfactory |
| Variation of available menu & beverages | 0.65 | 3.80 | Satisfactory |
| Room accommodation | 0.75 | 3.48 | Satisfactory |
| Recreational facilities | 0.77 | 3.48 | Satisfactory |
| Front desk services | 0.82 | 3.20 | Moderate |
| **Overall** | **0.74** | **3.58** | **Satisfactory** |

descriptors had a mean score of about four and a standard deviation of less than one signifying consistency of responses from the 400 hotel respondents.

The overall mean score of 3.58 was the result obtained based on the mean scores of 3.96 *or satisfactory for billing efficiency,* portraying that the cashiers and other personnel concerned could be trusted in terms of financial transactions; 3.80 *or satisfactory for variation of available menu and beverages,* signifying the enjoyment of the hotel guests on the different menus and beverages that were offered and served; 3.48 *or satisfactory for room accommodation and recreational facilities*, meaning the rooms are clean, spacious, have functioning air conditioner, with clean beddings and recreational facilities like swimming pools are well maintained; 3.20 *or moderately satisfactory for the front desk services*, interpreted as quality services provided to the guests wherein the front desk personnel who communicated well to the customers, had pleasing personality and check-in/check-out were attended well and done fast. The moderate rating however in this item need some improvement to raise it to a satisfactory level.

**Level of Marketing Mix in terms of Price**

Presented in Table 3 are the ratings of the hotel respondents on the level of marketing mix in terms of price with the following five indicators: *regular meals, special meals, drinks and beverages*, *corkage and services.* The overall mean score of 3.73 or satisfactory and standard deviation of 0.77 indicated that the hotels have good pricing scheme.

Table 3
*Level of Marketing Mix in terms of Price*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Regular meals | 0.69 | 3.73 | Satisfactory |
| Special meals | 0.75 | 3.67 | Satisfactory |
| Drinks and beverages | 0.77 | 3.70 | Satisfactory |
| Corkage | 0.80 | 3.80 | Satisfactory |
| Services | 0.87 | 3.72 | Satisfactory |
| **Overall** | **0.77** | **3.73** | **Satisfactory** |

The overall mean score was derived from the five indicators: 3.73 or satisfactory for regular meals, 3.67 or satisfactory for special meals, 3.70 or satisfactory for drink and beverages,

3.80 or satisfactory for corkage, and 3.72 or satisfactory for services. This explains that the prices of both tangible and intangible goods presented and served were much affordable and the travelers were much satisfied.

**Level of Marketing Mix in terms of Promotion**

Shown in Table 4 are the ratings of the hotel respondents concerning the nine descriptors of promotion; advertisement by tv, radio and magazines, sales promotion, press conference, brochure/leaflets and banners, online advertisement, personal marketing, direct mail, outdoor advertisement and sponsorship.

Two indicators were rated with satisfactory level, 3.55 for *brochure/leaflets and banners, and* 3.56 *or satisfactory for online advertisement*. All the other seven descriptors were all rated satisfactory 3.44 *mean score for advertisement by tv, radio and magazines*, 3.35 mean score *for sales promotion, 3.16 for press conference*, 2.95 for *personal marketing,* 2.93 *for direct mail*, 2.84 *for outdoor advertisement*, and 2.71 *for sponsorship*. The overall rating with a descriptive equivalent of moderately satisfactory got a mean score of 3.16 and a standard deviation of 0.77. The results denoted that the strength of promotion campaign in disseminating messages designed to inform, persuade and remind customers about the hotel's offerings was moderately implemented.

Table 4 *Level of Marketing Mix in terms of Promotion*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Advertisement by TV, Radio and Magazines | 0.75 | 3.44 | Satisfactory |
| Sales Promotion | 0.66 | 3.35 | Moderate |
| Press Conference | 0.68 | 3.16 | Moderate |
| Brochure/Leaflets and banners | 0.77 | 3.55 | Satisfactory |
| Online Advertisement | 0.72 | 3.56 | Satisfactory |
| Personal Marketing | 0.90 | 2.95 | Moderate |
| Direct mail | 0.74 | 2.93 | Moderate |
| Outdoor advertisement | 0.86 | 2.84 | Moderate |
| Sponsorship | 0.88 | 2.71 | Moderate |
| **Overall** | **0.77** | **3.16** | **Moderate** |

**Level of Marketing Mix in terms of Place**

Presented in Table 5 are the ratings of the hotel respondents on the level of marketing mix in terms of place in relation to customer satisfaction with the following five indicators: *accessible to interesting cultural sites, historical buildings, picnic sites, beaches, monuments and others; location is strategic; conducive for stay and relaxation; hotel location is safe and environment is clean.*

The overall mean score of 4.09 or satisfactory was derived from the five indicators; 4.18 or satisfactory for accessibility to interesting cultural sites, historical buildings, picnic sites, beaches, monuments and others, 4.41 or very satisfactory for strategic location of the hotels, 3.46 or satisfactory for conducive for stay and relaxation, 4.17 or satisfactory for safe location, and 4.23 or very satisfactory for clean environment.

Table 5 *Level of Marketing Mix in terms of Place*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Accessible to interesting cultural sites, historical buildings, picnic sites, beaches, monuments, etc. | 0.51 | 4.18 | Satisfactory |
| Location is strategic | 0.51 | 4.41 | Very Satisfactory |
| Conducive for stay and relaxation | 0.67 | 3.46 | Satisfactory |
| Located in a safe place | 0.47 | 4.17 | Satisfactory |
| Clean environment | 0.68 | 4.23 | Very Satisfactory |
| **Overall** | **0.56** | **4.09** | **Satisfactory** |

**Summary of the Level of Marketing Mix**
**Used by the Respondent Hotels**

In Table 6 is the summary of the level of marketing mix used by the selected three-star hotels in Davao City: product, price, promotion and place. The overall level of marketing mix used by the respondent hotels was satisfactory, having obtained a mean score of 3.64 and a standard deviation of 0.71. This means that the respondents are satisfied with the use of the 4 Ps of marketing mix by the subject hotels. overall marketing mix employed by the three-star hotels in Davao City. The data set further revealed that the overall levels of three marketing mix were satisfactory: Product (M=3.58, SD=0.74), Price (M=3.73, SD=0.77), and Place (M=4.09, SD=0.56); while Promotion was moderate with an overall mean score 3.16 and a standard deviation of 0.77.

Table 6 *Summary of the Level of Marketing Mix used by the Respondent Hotels*

| Indicators | SD | Mean | Descriptive Level |
|------------|------|------|-------------------|
| Product | 0.74 | 3.58 | Satisfactory |
| Price | 0.77 | 3.73 | Satisfactory |
| Promotion | 0.77 | 3.16 | Moderate |
| Place | 0.56 | 4.09 | Satisfactory |
| **Overall** | **0.71** | **3.64** | **Satisfactory** |

## Level of Service Quality in terms of Reliability

Shown in Table 7, is the computed data on service quality in terms of reliability in relation to customer satisfaction with its nine indicators; *billing is fast and accurate, reservations are managed efficiently, the hotel has new modern facilities, a variety of foods are available in the hotel, the hotel has clean and well ventilated rooms, guest rooms are always ready for occupancy, check-in and check-out of the hotels are efficiently attended to and services are timely delivered.*

The overall mean score of 4.04 or high level was derived from the subsequent results: 4.25 for *billing is fast and accurate*, 4.15 for *reservations are managed efficiently,* 4.08 for *hotel has new and modern facilities*, 3.05 for *variety of food are available in the hotel*, 4.01 for *hotel has clean and well ventilated rooms*, 3.97 for *guest rooms are always ready for occupancy*, 3.96 for *different room styles in the hotel*, 3.96 for *check-in and check-out of the hotels area are efficiently attended to* and 3.90 for *services are timely delivered*.

The result indicated that in general, customers of these three-star hotels in Davao City manifested a strong agreement with the hotels' service quality attributes especially in billing, reservations, facilities, guest rooms, room styles, and check-ins and check-outs. However, looking at the individual results, the data revealed that the respondents, who were customers in these hotels, slightly agreed with the variety of food available in these hotels. This implies that foods served in three-star hotels in Davao City were limited, as far a food variety is concerned, and therefore customers the cuisines moderately reliable.

Table 7 *Level of Service Quality in terms of Reliability*

| Indicators | SD | Mean | Descriptive Level |
|------------|------|------|-------------------|

| | | | |
|---|---|---|---|
| Billing is fast and accurate. | 0.48 | 4.25 | Very High |
| Reservations are managed efficiently. | 0.37 | 4.15 | High |
| The hotel has new and modern facilities. | 0.37 | 4.08 | High |
| A variety of foods are available in the hotel. | 0.36 | 4.05 | High |
| The hotel has clean and well ventilated rooms. | 0.65 | 4.01 | High |
| Guest rooms are always ready for occupancy. | 0.53 | 3.97 | High |
| There are different room styles in the hotel. | 0.73 | 3.96 | High |
| Check-in, check out of the hotel are efficiently attended to. | 0.41 | 3.96 | High |
| Services are timely delivered. | 0.61 | 3.90 | High |
| **Overall** | **0.50** | **4.04** | **High** |

**Level of Service Quality in terms of Tangibility**

In Table 8 are shown the ratings of the hotel respondents on tangibility in relation to customer satisfaction with its six indicators: *hotel is strategically located and accessible by all kinds of transportation; hotel's interior is bright and well lighted; hotel's interior and exterior is clean and well maintained; outdoor surrounding of the hotel is clean and beautiful; front desk entertains with high respect to customers, and employees of the hotel are well disciplined, trained, courteous, and honest.*

The overall mean score of 4.50 or very high level was derived from the mean scores of the indicators of tangibility, which were the following: 4.08 for *strategically located and accessible by all kinds of transportation,* 4.64 for *hotel's interior is bright and well lighted,* 4.63 for *hotel's interior and exterior is clean and well maintained*, 4.61 for *outdoor surrounding of the hotel is clean and beautiful,* 4.61 for *font desk entertains with high respect to customers, and*

4.62, 4.55 and 4.27 for *hotel employees being well-disciplined and trained, courteous, and honest*, respectively.

The results suggest that the respondents have strongly agreed with the items concerning the tangible aspects of the hotels and were convinced that these hotels offered a very high level of service quality to their customers. The results further convey that although some of these hotels were not located at the heart of the city, yet customers still enjoyed their stay at these hotels because they were treated with high regard by hotel employees, aside from the clean, welcoming and beautiful hotel ambiance.

Table 8 *Level of Service Quality in terms of Tangibility*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Hotel is strategically located and accessible by all kinds of transportation | 0.28 | 4.08 | High |
| Hotel's interior is bright and well lighted | 0.49 | 4.64 | Very High |
| Hotel's interior and exterior is clean and well maintained | 0.49 | 4.63 | Very High |
| Outdoor surrounding of the hotel is clean and beautiful | 0.50 | 4.61 | Very High |
| Front desk entertains with high respect to customers | 0.57 | 4.61 | Very High |
| Employees of the hotel are: | | | |
| well-disciplined and trained | 0.50 | 4.62 | Very High |
| courteous and | 0.50 | 4.55 | Very High |
| honest | 0.50 | 4.27 | Very High |
| **Overall** | **0.48** | **4.50** | **Very High** |

**Level of Service Quality in terms of Responsiveness**

Shown in Table 9 is the rating on the level of service quality in terms of responsiveness. The overall mean score of 4.18 was the result based on the mean scores from 4.27 *for customer representatives are helpful*, 4.22 *for customer representatives are able to answer all questions*

*from customers,* 4.12 *for customer representatives are knowledgeable, and* 4.12 *for customer representatives are quick to respond to customers' request.*

The overall mean score with its descriptive equivalent of very high and a standard deviation of 0.53 indicated the high service value of the hotels to the customers. Moreover, the results imply that customers are appreciative of a hotel where their attendants are helpful and are able to answer their customers' queries pertaining to the products or services, etc., for which the hotel is offering. It is a general observation that customers appreciate prompt response to their requests, all the more if hotel representatives are knowledgeable enough about their work.

Table 9
*Level of Service Quality in terms of Responsiveness*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Customer representatives are: | | | |
|   Helpful | 0.55 | 4.27 | Very High |
|   Able to answer questions from customers | 0.54 | 4.22 | Very High |
|   knowledgeable | 0.48 | 4.12 | High |
|   Quick to respond to customers' request | 0.53 | 4.12 | High |
| **Overall** | **0.53** | **4.18** | **High** |

**Level of Service Quality in terms of Assurance**

In Table 10 is shown the computed data on the level of service quality in terms of assurance, with its four indicators; *staff deals with customers professionally*, *hotel is safe and secured*, *experiences of customer representative are better than expected*, and *the staff are experienced and courteous*.

The overall mean score of 4.15 or high level was the result from the following mean scores: 4.21 or very high, for staff deals with customers professionally; 4.17 or high for hotel is safe and secured; 4.17 or high for experiences of the customers are better than expected, and 4.05 for staff are experienced and courteous.

The overall mean score of 4.15 was described as very high level of assurance of quality service. The result further indicates the total trust and confidence established by the hotels with their customers. If the clients do not trust their organization to work in their best interests, they will not be clients for a long term.

Table 10 *Level of Service Quality in terms of Assurance*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Staff deals with customers professionally | 0.47 | 4.21 | Very High |

| | | | |
|---|---|---|---|
| Hotel is safe and secured | 0.46 | 4.17 | High |
| Experiences of the customers are better than expected | 0.54 | 4.17 | High |
| Staff are experienced and courteous | 0.35 | 4.05 | High |
| **Overall** | **0.46** | **4.15** | **High** |

**Level of Service Quality in terms of Empathy**

Presented in Table 11 are the ratings on the four indicators of empathy service dimension; *front desks provide undivided attention to customers, customer representatives are always quick to help, customer necessities are available upon request, and charges on accounts are clearly explained.* The mean scores were used as the basis to determine the level of customer satisfaction.

The overall mean score of 4.00 or high level was the result from 4.15 for *front desk provides undivided attention to customers*, 4.06 for *customer representatives are quick to help*, 4.05 for *customer necessities are available upon request*, and 3.73 for *charges on account are clearly explained*.

Furthermore, the descriptive level of high rating describes the character, work attitudes and capabilities of the hotel personnel who are able to empathize with customer problems and difficulties being encountered.

Table 11 *Level of Service Quality in terms of Empathy*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Front desk provides undivided attention to customers | 0.33 | 4.15 | High |
| Customer representatives are always quick to help | 0.52 | 4.06 | High |
| Customer necessities are available upon request | 0.54 | 4.05 | High |
| Charges on accounts are clearly explained | 0.64 | 3.73 | High |
| **Overall** | **0.51** | **4.00** | **High** |

**Summary of the Level of Service Quality**

Presented in Table 12 are the five dimensions of service quality (SERVQUAL). These are reliability, tangibility, responsiveness, assurance and empathy. The purpose of utilizing the

combination of the quality service dimensions is to know and identify the major factors that would impact customer satisfaction.

In Table 12 is shown that tangibility obtained the highest rating with a mean   score of 4.50 or excellent, in terms of ambient physical appearance of the hotels, its facilities, equipment, personnel, written materials and other related tangible determinants.

The rating of the other four service dimensions is; 4.18 or high level for responsiveness, indicating the willingness of the hotel servers to help customers and   provide prompt services. Empathy got 4.17 or high level indicating  how  the  company  cared  for  and  gave individualized  attention  to their  customers   and   made  them  feel  extra valued   and   special. When a customer gets individualized   and quality attention, there is a high probability that they would return to the company and do some businesses again.

Assurance has a mean score of 4.15, showing that the employees' are knowledgeable, courteous and has the ability to gain the trust and confidence   of the customers. Reliability obtained a mean score of 4.04 showing the company's performance compliance with their promised services. To most customers they   would like to know that the hotel is reliable and could be trusted with great satisfaction.

Table 12 *Summary of the Level of Service Quality*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Tangibility | 0.48 | 4.50 | Very High |
| Responsiveness | 0.63 | 4.18 | High |
| Empathy | 0.46 | 4.17 | High |
| Assurance | 0.46 | 4.15 | High |
| Reliability | 0.50 | 4.04 | High |
| **Overall** | **0.51** | **4.21** | **Very High** |

The  overall mean  score of 4.21 or very high level of service quality indicates that the personnel has  the  best ability  to  perform their tasks dependably  and accurately  which  can be a  great factor for the hotels to gain more loyal guests  in the future.

**Level of Customer Satisfaction in
   terms of Customer Repeat Purchase**

Customer satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses. It is a marketing term that measures how the products or services supplied by a company meet or surpass a customer's expectation. Failure to achieve the 100% maximum level of customers' repeat purchase decision, might indicate a loss of customers demand and preference which will cause a decline in sales revenues. The ratings on the five indicators of the customer repeat purchase can be a determinant that the respondents will be future repeat customers or advocators.

The descriptive ratings on the five indicators of customer satisfaction in terms of repeat purchase were all very good. The item on hotel menus and services giving guests a feeling that they are able to deliver what is expected to be delivered obtained a mean score of 4.22, additional services provided are better than the services which the other three star hotels are providing got a mean score of 4.19, price of the products and services are considerably cheaper than the other three star hotels that sell similar products and or services has a mean score of 4.18, the quality of the products or services they provide is better compared to other three star hotels

Table 13

*Level of Customer Satisfaction in terms of Customer Repeat Purchase*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Hotel menus and services give the Guest a feeling that they are able to deliver what is expected to be delivered | 0.45 | 4.22 | Very High |
| The additional services provided are better better than the services which the other three star hotels are providing (example employee who can give a satisfactory answer to every question ask by the guest, faster delivery without any extra cost. | 0.45 | 4.19 | High |
| The price of the products and services are considerably cheaper than the other three-star hotels that sell similar products and or services. | 0.38 | 4.18 | High |
| The quality of the products/services they provide is better compared to other three star hotels selling similar products and or services. | 0.46 | 4.15 | High |

| | | | |
|---|---|---|---|
| They sell and serve unique products and or services that are not available in other three star hotels. | 0.64 | 3.42 | Very High |
| **Overall** | **0.47** | **4.03** | **Very High** |

selling similar products or services obtained a mean score of 4.15, and sell and serve unique products or services got a mean score of 3.42. The overall rating has a mean score of 4.03 or very high level of customer satisfaction.

**Level of Customer Satisfaction in terms of Customer Purchase Retention**

Delivering service quality is to ensure satisfaction from customers in the context of purchase retention and loyalty, which is a crucial factor for business long term profitability. High service quality would produce satisfied guests, and subsequently motivate them to return for a re-visit of the same hotels, in contrast, low service quality leads to low satisfaction, resulting in from the guests causing switching to competitors.

In Table 14 shows the data on the level of customer satisfaction in terms of purchase. The overall mean score of 4.01 or very good was the result based from; 4.12 for have medical services, 4.06 for room temperature is ambient, have spacious, clean and safe parking space, 4.04 for maintain safety, hygiene and sanitation, 4.03 for hotel service personnel are well trained, courteous and honest, 3.82 for prompt to every customer's requests, needs and complaints.

The result is a good indication that there is a great chance for the respondents to avail again of hotel services in the future. With the intense competition in the hotel industry, customer acquisition and customer retention should be the company's concern because these are important in keeping customer satisfaction.

Table 14 *Level of Customer Satisfaction in terms of Customer Purchase Retention*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Have medical attention services | 0.45 | 4.12 | High |
| Room temperature is ambient, have spacious, clean & safe parking space | 0.41 | 4.06 | High |
| Maintain safety, hygiene and sanitation | 0.45 | 4.04 | High |

| | | | |
|---|---|---|---|
| Hotel  service personnel are well trained,  courteous  &  honest | 0.33 | 4.03 | High |
| Prompt  to  every  customer's requests, needs & complaints | 00.64 | 3.82 | High |
| **Overall** | **0.45** | **4.01** | **High** |

## Level of Customer Satisfaction in terms of Customer Loyalty

Presented in Table 15 are  the ratings on the level of customer satisfaction  in the five indicators of customer loyalty; *maintain healthy and friendly environment*  got the highest  mean score  of 4.11 or high level, *have different function rooms with complete  modern  facilities*  has a  mean score  of  4.10  indicating   that   the service  quality  delivered high, 3.90  or  high for *emphasis on superior  image   and brand  knowledge*, 3.84  or  high for *hotel  management maintained  customer relationship  through   on  line  services  when  making  reservations*, and 3.33 or moderate for *having foreign currency exchange facility*.

The overall mean score is 3.85 or high which shows that the hotels were able to offer quality products and services.  Whether selling services or products, the level of services perceived by the customers is the key to generating loyalty.

Table 15
*Level of Customer Satisfaction in terms of Customer Loyalty*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Maintain healthy and friendly environment | 0.66 | 4.11 | High |
| Have different function rooms with complete    modern facilities | 0.61 | 4.10 | High |
| Emphasize quality service, superior  image  and brand knowledge | 0.61 | 3.90 | High |
| Hotel management maintains customer relationship through  on  line services when making reservations | 0.60 | 3.84 | High |

| | | | |
|---|---|---|---|
| **Overall** | **0.64** | **33.85** | **High** |

## Summary of the Level of Customer Satisfaction

Shown in Table 16 is the summary of the result of the level of customer satisfaction in terms of repeat purchase, purchase retention and customer loyalty. It also shows the range of the mean scores of the three indicators with its descriptive equivalent.

In Table 16 is also shown the output performance of the three indicators of customer satisfaction; repeat purchase obtained a mean score of 4.03. Purchase retention got a mean score of 4.01, an indication that the customers will re-buy and re-visit the same three star hotels in the future as well as patronize and avail again of their services.  Customer loyalty got a 3.85 mean score or very good, showing that hotel management provided a close attention to serve their customers according to the level of expectations, wants and needs.

The overall  mean  score  of  3.96  or high portrays the combination output performance of the hotels and  that the staff were able to provide quality services beyond customers expectation over competitive ones available in the market place.

Table 16 *Summary of the Level of Customer Satisfaction*

| Indicators | SD | Mean | Descriptive Level |
|---|---|---|---|
| Repeat Purchase | 0.47 | 4.03 | High |
| Purchase Retention | 0.45 | 4.01 | High |
| Customer Loyalty | 0.64 | 3.85 | High |
| **Overall** | **0.52** | **3.96** | **High** |

## Significance of the Relationship between Marketing Mix and Customer Satisfaction in terms of Customer Repeat Purchase

In Table 17 is shown the findings  of the evaluated data, concerning the  four P's  of marketing; product, price, promotion  and  place  and  the level of customer  satisfaction  in terms  of  repeat  purchase.  The results revealed that two out of the four P's of marketing mix attained a significant relationship; price with a coefficient P-value of 0.000; likewise, place, with a coefficient P-value of 0.002. Product, with a p-value of 0.39, and promotion, with a p-value of 0.398, showed no significant relationship with repeat purchase as evidenced by p-values which are more than the set p-value of 0.05.

Table 17 *Significance of the Relationship between Marketing Mix Strategy*

*and Customer Satisfaction in terms of Customer Repeat Purchase*

Repeat Purchase = 2.01 - 0.0480 product + 0.165 prices - 0.0340 promo + 0.118 place

| Predictor | Coef | St | T | P | VIF |
|---|---|---|---|---|---|
| Constant | 2.0111 | 0.4176 | 4.82 | 0.000 | |
| Product | 0.04796 | 0.05588 | -0.86 | 0.391 | 1.3 |
| Price | 0.16531 | 0.04655 | 3.55 | 0.000 | 1.8 |
| Promo | -0.03405 | 0.04024 | -0.85 | 0.398 | 1.5 |
| Place | 0.11829 | 0.03742 | 3.16 | 0.002 | 1.4 |

**S = 0.4054     R-Sq = 20.9%     R-Sq(adj) = 18.9%**

**Significance of the Relationship between Marketing Mix
  and Customer Satisfaction in terms of Customer Purchase Retention**

Purchase retention is considered a strong factor for the success of the business operation. In Table 18 is shown the significance of the relationship between marketing mix and customer satisfaction in terms of purchase retention. Based from the findings of the evaluated data, it showed the same outcome with Table 17, that only two of the marketing mix indicators got the score of significant relationship. These are price and place with respective p-values 0.000, and 0.003, while promotion got a coefficient P-value of 0.893; and also product with a coefficient P-value of 0.119, thus, both two out of the four Ps had attained a moderate significant relationship.

Table 18 *Significance of the Relationship between Marketing Mix
  and Customer Satisfaction in terms of Customer Purchase Retention*

**Purchase Retention**= 2.49 - 0.0632 product + 0.140 prices + 0.0039 promo + 0.0812+0.0812 place

| Predictor | Coef | St | T | P | VIF |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Constant | 2.4944 | 0.3026 | 8.24 | 0.000 | |
| Product | -0.06323 | 0.04049 | -1.56 | 0.119 | 1.3 |
| Price | 0.13966 | 0.03373 | 4.14 | 0.000 | 1.8 |
| Promo | 0.00392 | 0.02916 | 0.13 | 0.893 | 1.5 |
| Place | 0.08123 | 0.02712 | 3.00 | 0.003 | 1.4 |
| | **S = 0.2937** | **R-Sq = 23.7%** | **R-Sq(adj) = 21.7%** | | |

## Significance of the Relationship between Marketing Mix and Customer Satisfaction in terms of  Customer Loyalty

Presented in Table 19 is the result of the significance of the relationship between marketing mix and customer satisfaction in terms of customer loyalty.  It showed that only price got a significant relationship, with a coefficient P-value of 0.000, while the other 3 Ps, product, place and promotion had coefficient P-Values of 0.771, 0.161 and 0.392, respectively, indicating no significant relationship.

The longer the relationship a company has with its customers produces customer repeat purchase, purchase retention and loyalty. Loyal customers are most likely to introduce the business offerings to others via word of mouth communications and referrals and they will not buy other products because they happy with the marketing services they getting; thus, a less probability for them to think of switching to competitors.

Table 19 *Significance of the Relationship between Marketing Mix and*
     *Customer Satisfaction in terms of Customer Loyalty*

| **Loyalty** = 2.011 - 2.36 + 0.0141 product + 0.206 prices + 0.0488 promo + 0.0277 place | | | | | |
|---|---|---|---|---|---|
| **Predictor** | **Coef** | **St** | **T** | **P** | **VIF** |
| Constant | 2.3589 | 0.3602 | 6.55 | 0.000 | |
| Product | 0.01407 | 0.04820 | 0.29 | 0.117 | 1.3 |
| Price | 0.20640 | 0.04015 | 5.14 | 0.000 | 1.8 |
| Promo | 0.04880 | 0.03471 | 1.41 | 0.161 | 1.5 |
| Place | 0.02767 | 0.03228 | 0.86 | 0.392 | 1.4 |
| | **S = 0.3497** | **R-Sq = 26.7%** | **R-Sq(adj) = 24.9%** | | |

## Significance of the Relationship between Service Quality and Customer Satisfaction in terms of Customer Repeat Purchase

In Table 20 are the findings on the evaluated data on significance of the relationship between service quality and customer satisfaction in terms of repeat purchase. The  statistical data portray the three service dimensions having  significant relationships;  assurance got a coefficient P-value of 0.035; reliability a coefficient P-value of 0.041 and tangibility with a coefficient P-value of 0.049. Two of the dimensions of service quality showed no significant relationship with customer satisfaction insofar as customer repeat purchase was concerned as

evidenced by their p-values that are greater than the set p-value of 0.05; Responsiveness with p-value 0.152 and Empathy with p-value 0.091.

Table 20 *Significance of the Relationship between Service Quality and Customer Satisfaction in terms of Customer Repeat Purchase*

**Repeat Purchase** = 2.01- 0.133 reliability + 0.114 tangi1 + 0.103 + tangi2 - 0.108 responsive + 0.135 assurance + 0.118 empathy

| Predictor | Coef | St | T | P | VIF |
|---|---|---|---|---|---|
| Constant | 2.0111 | 0.4176 | 4.82 | 0.000 | |
| Reliability | 0.13339 | 0.06495 | 2.05 | 0.041 | 1.3 |
| Tangibility | -0.10321 | 0.5226 | -1.97 | 0.049 | 1.5 |
| Responsiveness | -0.10768 | 0.07497 | -1.44 | 0.152 | 1.8 |
| Assurance | 0.13509 | 0.06396 | 2.11 | 0.035 | 2.0 |
| Empathy | 0.11766 | 0.06947 | 1.69 | 0.091 | 1.3 |
| | **S = 0.2937** | **R-Sq = 23.7%** | **R-Sq(adj) = 21.7%** | | |

## Significance of the Relationship between Service Quality and Customer Satisfaction in terms of Customer Purchase Retention

In Table 21 are the results on the significance of the relationship between service quality and customer satisfaction in terms of purchase retention. The data revealed that two out of five service quality indicators obtained significant relationship ratings; assurance attained a coefficient P-value of 0.013 and tangibility, a coefficient P-value of 0.019. Whereas, the other 3 dimensions; reliability, responsiveness and empathy got a coefficient P-value of 0.675, 0.192 and 0.149, respectively.

Table 21 *Significance of the relationship between Service Quality and Customer Satisfaction in terms of Customer Purchase Retention*

**Purchase Retention** = 2.49 - 0.0197 reliability + 0.160 tangi1- 0.0523 tangi 2 - 0.0711 responsive + 0.116 assurance + 0.0729 empathy

| Predictor | Coef | StDev | T | P | VIF |
|---|---|---|---|---|---|
| Constant | 2.4944 | 0.3026 | 8.24 | 0.000 | |
| Reliability | 0.01972 | 0.04706 | 0.42 | 0.675 | 1.3 |
| Tangibility | 0.16006 | 0.06785 | 2.36 | 0.019 | 1.6 |
| Responsiveness | -0.07108 | 0.05433 | -1.31 | 0.192 | 1.8 |
| Assurance | 0.11571 | 0.04634 | 2.50 | 0.013 | 2.0 |
| Empathy | 0.07286 | 0.05034 | 1.45 | 0.149 | 1.3 |

**S = 0.2937     R-Sq = 23.7%    R-Sq(adj) = 21.7%**

## Significance of the Relationship between Service Quality and Customer Satisfaction in terms of Customer Loyalty

Presented in Table 22 are the results based from the findings on the evaluated data on the significance of the relationship between service quality and customer satisfaction in terms of loyalty. It is only reliability that obtained a significant relationship with a coefficient P-value of 0.015. While all the other four service dimensions, tangibility, responsiveness, assurance and empathy showed no significant relationship with customer loyalty as shown by a P-value of 0.80, 0.752, 0.357 and 0.385, respectively.

Table 22 *The Significance between Service Quality and Customer Satisfaction in terms of Customer Loyalty*

**Loyalty** = 2.36 +0.137 reliability + 0.142 tangi1 - 0.0823 tangi2 +
            0.0204 responsive + 0.0509 assurance + 0.0521 empathy

| Predictor | Coef | StDev | T | P | VIF |
|---|---|---|---|---|---|
| Constant | 2.3589 | 0.3602 | 6.55 | 0.000 | |
| Reliability | 0.13737 | 0.05603 | 2.45 | 0.015 | 1.3 |
| Tangibility1 | 0.14179 | 0.08077 | 1.76 | 0.080 | 1.6 |
| Tangibility2 | -0.08232 | 0.04508 | -1.83 | 0.069 | 1.5 |
| Responsiveness | 0.02044 | 0.06467 | 0.32 | 0.752 | 1.8 |
| Assurance | 0.05091 | 0.05517 | 0.92 | 0.357 | 2.0 |
| Empathy | 0.05212 | 0.05992 | 0.87 | 0.385 | 1.3 |

**S = 0.3497     R-Sq = 26.7%    R-Sq(adj) = 24.9%**

## Multiple Regression Analysis on the Influence of Marketing Mix on Customer Satisfaction

Presented in Table 23 is the multiple regression analysis that revealed the indicator of marketing mix that best influenced customer satisfaction. The data in table 23 show a significant influence of marketing mix over customer satisfaction. The obtained F-value of 19.49 is significant at $p<0.001$ which indicated a model fit. Also, the R-squared value of .31 suggested that 31 percent of the variance in customer satisfaction was attributed to the indicators of

marketing mix specified in this study. This means that 69 percent of the variance could be credited to other things that are already beyond the concern of this study.

However, since the core of this section was the determination of the best predictor of organizational change readiness, the data show that in their singular capacities, product, price, promotion, and place are predictors of customer satisfaction. *Product* obtained a β-coefficient value of .198 with a corresponding computed t-value of 3.80 and p<0.01. Moreover, *Price* obtained a β-coefficient value of .234 with a corresponding computed t-value of 4.875 and p<0.01. Furthermore, *Promotion* obtained a β-coefficient value of .16 with a corresponding computed t-value of 2.051 and p<0.05. Likewise, *Place* obtained a β-coefficient value of .274 with a corresponding computed t-value of 5.492 and p<0.01. It could be noted that the probability values of all four indicators were lower than the p-value of 0.05 that was set as the significance level in this study. Therefore, it could be inferred that marketing mix such as product, price, promotion and place can best predict customer satisfaction.

Table 23 *Multiple Regression Analysis on the Influence of*
  *Marketing Mix on Customer Satisfaction*

| Marketing Mix (indicators) | Customer Satisfaction | | | |
|---|---|---|---|---|
| | B | ß | t | p |
| Product | .423 | .198 | 3.80 | .000 |
| Price | .291 | .234 | 4.875 | .000 |
| Promotion | .207 | .16 | 2.051 | .041 |
| Place | .401 | .274 | 5.492 | .000 |
| | R | .557 | | |
| | $R^2$ | .310 | | |
| | F | 19.49 | | |
| | P | .000 | | |

p<0.05

## Multiple Regression Analysis on the Influence of
### Service Quality Attributes on Customer Satisfaction

Presented in Table 24 is the multiple regression analysis that revealed the indicator of service quality attributes that best influenced customer satisfaction. The data in table 24 show a significant influence of service quality over customer satisfaction. The obtained F-value of 14.00 which is significant at $p<0.001$ indicated a model fit. Also, the R-squared value of .244 suggested that 24.4 percent of the variance in customer satisfaction was attributed to the indicators of service quality that are specified in this study. This means that 75.6 percent of the variance could be credited to other variables not covered in this study.

Since the focus of the determination was on the best predictor of customer satisfaction, the data show that in their singular capacities, tangibility, reliability, responsiveness, assurance, and empathy are predictors of customer satisfaction. *Tangibility* obtained a β-coefficient value of .235 with a corresponding computed t-value of 4.310 and p<0.01; *Reliability* obtained a β-coefficient value of .271 with a corresponding computed t-value of 5.406 and p<0.01; *Responsiveness* obtained a β-coefficient value of .143 with a corresponding computed t-value of 2.430 and p<0.05. Likewise, *Assurance* obtained a β-coefficient value of .157 with a corresponding computed t-value of 2.827 and p<0.01. Lastly, *Empathy* obtained a β-coefficient value of .114 with a corresponding computed t-value of 1.972 and p<0.05. All probability values of all five indicators of service quality were less than the set p-value in this study which is 0.05. The inference is that tangibility, reliability, responsiveness, assurance, and empathy are all best predictors of customer satisfaction.

Table 24 *Multiple Regression Analysis on the Influence of*
*Service Quality Attributes on Customer Satisfaction*

| Customer Satisfaction | | | | |
|---|---|---|---|---|
| **Service Quality** (indicators) | **B** | **ß** | **t** | **p** |
| Tangibility | .538 | .235 | 4.310 | .000 |
| Reliability | .362 | .271 | 5.406 | .000 |
| Responsiveness | .245 | .143 | 2.430 | .016 |
| Assurance | .353 | .157 | 2.827 | .005 |
| Empathy | .160 | .114 | 1.972 | .049 |

| | |
|---|---|
| R | .494 |
| $R^2$ | .244 |
| F | 14.00 |
| p | 0.01 |

$p<0.05$

## DISCUSSION

Presented in this chapter are the discussions of the data on the study of the selected three star hotels in Davao City, on the extent of marketing mix and the level of service quality using the five service determinants; reliability, tangibility, responsiveness, assurance and empathy in relation to customer satisfaction. Included is the description on the extent of customer satisfaction in terms of repeat purchase, purchase retention, and customer loyalty.

### Level of Marketing Mix in Terms of Product

The five product indicators i.e., billing efficiency, variation of available menu and beverages, room accommodation, recreational facilities and front desk services were all rated much satisfied or high descriptive equivalent. Hotel products do not only refer to tangible ones but it also include intangible ones and these two dimensions should always go together in order to effectively promote customer satisfaction. A successful product has to fulfill specific needs and preferences in the market. It must perform its function as promised. Every product must have certain characteristics that separate it from competitors. These characteristics should be the foremost inputs of product marketing mix. When a product is well promoted it would be an answer to the identified market need. This need is translated into a product with particular characteristics. These characteristics help determine the subsequent actions such as pricing, communication strategy and additional features or add-ons which is important to implement and have a unique set of characteristics for any product offerings (Cruz, 2015).

In addition, products having differentiated characteristics and right features at the right costs will inflate a better customer relationship and satisfaction, and at the same time establish customer purchase retention and loyalty. Customers who are much satisfied will likely return and avail of the same product, they will even tell other people about their experiences and they may well pay a premium for the privilege of doing business with a supplier they trust. Cost of keeping a customer is an asset and a factor in winning more customers, thus promoting company's long term profitability (Clarke, 2010; Niharika, 2015).

### Level of Marketing Mix in Terms of Price

The level of marketing mix in terms of the five price indicators: regular meals, special meals, drinks and beverages, corkage and services were all rated with satisfactory level.

Price is the only one of the four elements of marketing mix that can create or provide revenues.  The other three elements are considered costs because there is a cost involved in producing a product, in promoting it, as well as placing or distributing it to the markets. Building an effective pricing strategy for your products or services is the key to successful sales. These are marketing mix activities that you need to complete for competitive and profitability reasons (Smith, 2011).  Prices is one of the crucial elements of marketing mix, on the company's side, it represents a marginal revenue, while on the customers' part it is considered as a cost.  Most customers are sensitive about price offerings, because it affects the feeling and judgment of the clients buying decision, either to patronize or to switch to other competitors (Salvador & Fua-Geronimo, 2009).

A well-formulated pricing strategy such as discount rates, quantity discounts, trade discounts and other price promotion are given to reward loyalty of the guests, and it is also given to build the good image of the hotels.  Other reason on price discount is to help the guests to finance the other important expenditures that they may incur during their visitation to some beautiful and attractive tourist spots near Davao City.  Likewise, it would enable them to enjoy buying beautiful homemade Filipino products for souvenirs.  The flexibility and affordability of price will attract more new customers as well as the existing ones and make them very much satisfied. Customers will favor products that are available and at affordable price (Srivastava, 2012).

As claimed by Kurttz and Boone (2010), price affects and is affected by the other elements of the marketing mix. Product decisions, promotional plans, and distribution choices all impact the price of a good or service. Products distributed through complex channels involving several intermediaries must be priced high enough to cover the mark ups needed to compensate wholesalers and retailers for services they provide.  Marketers must then set prices with profits in mind and evaluate and adjust prices continually to accommodate changes in the environment.

It is equally important for firms like hotels engaging in global marketing to use a pricing strategy that reflects its overall marketing strategy. Prices must support the company's broader goals including product development, advertising and sales, customer support, competitive plans and financial objectives. The greater the product's perceived benefits, the higher its price can be. Marketers must be aware, however, that cultural perceptions of quality can differ from one country to another. Sometimes items that command prestige prices in the western countries are considered run-of-the-mill in other nations. Price stability then is especially important in the service industry.

## Level of Marketing Mix in Terms of Promotion

The level of marketing mix in terms of promotion shows that three out of the nine descriptors were rated with satisfactory level. These are brochure/leaflets, banners and online advertisement and advertisement by TV, radio and magazine.  The other six indicators:  sales promotion, press conference, personal marketing, direct marketing, outdoor advertisement and sponsorship were only rated moderate level.

Promotion and advertisement campaign is essential in any business endeavor.  It will help define an organization's relationship with the customers, not only by the kind of messages exchanged but also by the choice of media and occasion to suit their customers' preferences. Any hotel business establishment which can develop terrific products and put together a supremely talented management team, but which is not able to persuade significant numbers of customers to patronize the company's products or services will greatly affect the revenue of the establishment (Andrews, 2010; Callen, 2009).

Furthermore, communication plays an important role in marketing. It performs the function of informing the target customers about the nature and type of the firm's product and services, their unique benefits, uses and features as well as the price and place where these products can be purchased.  The nature of marketing communication should be persuasive since this must aim at influencing the consumer behavior in favor of the firm's offering. These persuasive communications are commonly called "Promotion".  In the context of marketing promotion it refers to the applied communication used by the marketers to exchange persuasive messages and information between the organization and its various prospective customers (Duncan, 2008)

Growing a business comes down to the ability to sell. Innovative strategies, comprehensive understanding of consumer behavior and aggressive communication of the company's message combine will bring about sales success (Bahatia, 2006; Jolles, 2009).

**Level of Marketing Mix in Terms of Place**

The indicators of place: conducive for stay and relaxation, accessible to interesting cultural sites, historical buildings, picnic sites, beaches, monuments etc., and location is safe were all rated satisfactory level, while two indicators: location is strategic and clean environment are both very satisfactory level.

In every business establishment, location plays a very important role in its Success and hotels are no exception. Every hotel has its own target groups of customers which include local and international tourists who are travelling for business purposes, conferences, wedding bookings and so on. Target groups may differ in choosing their hotels but most of these groups prefer locations that are attractive and near transport links.

When the location of the hotel is in an area where the competitors are not able to fulfill the guest's requirements then it can easily achieve success.  On the other hand, if the hotel is located in an isolated area, the best thing to do is to organize and sustain relationship with people working in different fields such as hospitality, media, and tourism who can help build up the hotel in a positive way.  Promotion is the best way to notify others about the various offers and services provided in a hotel.  It helps to influence more local and global clients to avail the hotel service for vacation or other purposes (Wilson, 2005).

**Summary of the Level of Marketing Mix**

The four elements of marketing mix: product, price, promotion and place were rated much satisfied or high descriptive equivalent.  Place attained then highest mean score which indicates that the guests enjoyed the healthy and friendly environment of the hotels. It is followed by price having the second highest rating; this result means that the prices offered were

very affordable and that it enabled the customers to finance some of their other tours as well as buy souvenir products.  The mean score of satisfactory level shows the availability of both tangible and intangible products offered that satisfied the customers. Promotion was rated satisfactory by the respondents and this means a little bit of improvement must be done to benchmark customer awareness and preferences on their available products and services.  The overall marketing mix performance is satisfactory, signifying a favorable interplay between the four P's of marketing mix (Kotler & Armstrong, 2013).

In addition, Reid (2006) said that finding the right balance for a marketing mix is a big challenge to many companies.  A hotel needs to put many factors into consideration when setting the marketing mix.  In most cases, management needs to identify properly and prioritize the kind and use of the four marketing mix combination in order to achieve the overall goal and objective of the hotel.  In selecting the correct combination of the mix it requires research and planning to address effectively the need; thus, hotel management should ensure that the mix  use is  flexible enough to adapt  future changes in the  market  and  thereby providing a  wow experience from  the  customers  during  their  short stay in the hotel.

**Level of Service Quality in**
   **Terms of Reliability**

The level of service quality in terms of reliability shows that the indicator on billing being fast and accurate obtained very high rating. The other eight dimensions were all rated high level, with reservation are managed efficiently getting the highest rating.  This was followed by the other seven indicators as ranked based on their mean scores; hotels having new and modern facilities, variety of foods are available in the hotel, the hotels have clean and well ventilated rooms, guest rooms are always ready for occupancy, there are different room styles in the hotels, check-in/check-out of the hotels are efficiently attended to and lastly services are timely delivered. The overall mean score reflected a very good descriptive equivalent, interpreted as high service performance by the hotel servers. .

Reliability is vital to make customers trust the organization that is going to perform what is promised to be done. The following attributes in reliability dimension can make customers recognize the personnel consistency and credibility, e.g., accurate delivery service, complete order services, company being truthful about its offering, the online service in terms of reservation is always correct, promised  services  are timely delivered,  accurate online booking records and website are always available (Omar,  Saadan  & Seman, 2015).

Being reliable is an extremely important quality to have, especially in the customer service realm.  Proving to your clients that you are reliable by doing what you say, would result to customer retention and loyalty.  If you proved to be untruthful and unreliable, the more customers will easily be persuaded to find one of your competitors, and constitute a decline from ROI (Anderson, 2005; Wahaba et al., 2015). Moreover, the evaluated data manifested the commendable work attitude of the hotel personnel in dealing with their customers, resulting to a significant relationship between customer satisfaction and service quality in terms of reliability.

**Level of Service Quality in**

### Terms of Tangibility

The respondents' rating on the level of service quality in terms of tangibility is shown by eight indicators; seven of which were all rated "excellent or very high descriptive equivalent". Based from highest to lowest rating these are; hotel's interior is bright and well lighted, hotel's interior and exterior is clean and well maintained, outdoor surroundings of the hotel is clean and beautiful, front desk entertains with high respect to customers, employees of the hotel are well disciplined, trained, courteous and honest.

The hotels being strategically located and accessible by all kinds of transportation obtained a rating of high descriptive level.  The overall mean score of the eight service dimension in terms of tangibility was very high indicating that somehow the three star hotels can satisfy the challenge given by the DOT Director, Region XI (Alabado, 2016) to serve the influx of local and international tourist arrival in Davao City, which had increased by 24% for the past three years; hence, there is a need to prepare more food and beverages as well as improve rooms for accommodation.

The tangible products, particularly the interior and exterior design, facilities and equipment, state of the art and ambient environment of the hotel, played an important role for the much satisfaction of their customers. Furthermore, the intangible aspects of the product; reliability, responsiveness, assurance and empathy have also contributed.  These two service dimensions both tangible and intangible are complimentary to each other though dissimilar in features and characteristics but it was proven that these are both essential to strongly influence customer retention and loyalty (Aldsqre, 2011).

### Level of Service Quality in
### Terms of Responsiveness

The level of service quality in terms of responsiveness with its four indicators has an overall rating of high level.  This shows that the hotel representatives are excellent workers, they are helpful, can answer satisfactorily all questions from the customers, are knowledgeable, and are quick to respond to the needs and requests of the guests.  The overall mean score of high level means the hotels have impressive service performance.

Employees responsiveness is an asset to the organization because it indicates service convenience and consistency and at the same time increases sales revenues and establish a good rapport with the customers.  Hotel servers are trained to deliver according to consistent standards of performance that earned guests' admiration and thanksgiving (Palmer, 2011).

Responsiveness is related to the willingness of the staff to assist customers and provide prompt services. Hotel establishments are responsible to provide better experiences to the customers in their stay in the hotel.  The level of hospitality shown or demonstrated will determine repeat patronage. In addition, it is the key element in developing trust and relationship to keep the customers happy. Responsiveness is nothing but to respond as quickly as possible in a given situation. It is the proactive servers' attitude and that customers need to wait and reach out with their complaints. Failing to meet deadlines or ignoring customer inquiries can increase client dissatisfaction with the company and may eventually cause them to switch to other

competitors.  It is then, reaching out immediately or responding to the customers with solutions to solve their encountered problems, difficulties as well as their needs and wants.  When customer responsiveness is a priority of the hotel, opportunities to serve their clients will increase while problems and service issues decrease (Razalli & Rizal, 2008).

**Level of Service Quality in**
   **Terms of Assurance**

On the level of service quality in terms of assurance, one indicator was rated very high level, the other three indicators were rated high and the overall rating was high.  This implies a significant customer relationship that can inflate purchase retention and loyalty in the future. The main role of service personnel is customer service.  Their work involves customer contact as they come face to face with customers and have to respond correctly to their needs and wants. Customers express their appreciation in tips and repeat business transaction to a good and quality services provided to them.

Assurance service quality refers to the employee's knowledge, competence, credibility, courtesy, security, skill and ability to inspire trust and confidence.  Assurance should emphasize well on the work performance because customers want attention and prompt services. Poor services can result in discouragement and it can ruin the company's image.  Customers will not buy the product or avail again of the services offered due to a failure to comply the precise promised service delivery and thereby causing a decline of the hotel sales performance (Mok et al., 2011).

**Level of Service Quality in**
   **Terms of Empathy**

The level of service quality in terms of empathy and its four indicators were all rated high level. The overall mean rating of high level signifies positive customer responses.

Empathy is the ability to experience and relate to the thoughts, emotions or experiences with others. It is more than simple sympathy, which is being able to understand and support others with compassion or sensitivity. Empathy is the ability to step into someone else's shoes, of being aware of other' feelings and understand their needs which in effect develops customer relationship.

In the workplace, empathy can be shown by a deep respect for co-workers and showing that you care, as opposed to just going by rules and regulations. An empathic leadership style can make everyone feel like a team and increase productivity, morale and loyalty.  Empathy is a powerful tool in the leadership of a well-liked and respected executive.  Furthermore, it has a value to build a strong relationship in spite of different feelings, judgments, cultural background, personality and psychological motivations. It brings together a common direction that can promote and establish customers' trust and confidence (Carev, 2008)

Likewise, the practice of this service dimension is considered a major factor in persuading the guests to be back again in the future and avail the hotel's tangible and intangible product offering (Har, 2008).

**Summary of the Level of Service Quality**

The level of service quality in relation to customer satisfaction shows that among the five service determinants; tangibility that deals with the ambient physical appearance of the hotels as well as the intangible quality services got a very high level rating. The other four indicators were rated high level, and the overall rating was very high level, indicating that the hotel workers are dedicated and willing to assist and provide just-in-time services, can give preferential attention and promised services were fulfilled to their local and international guests thereby gaining their customers' trust and confidence.

Nowadays, most customers become more and more aware of their requirements and demand higher standards of services. Their perceptions and expectations are continually evolving, making it difficult for the service providers to measure and manage services effectively. The key lies in improving the service dimension selectively; thus, it is imperative to understand how sensitive the customers are to various service attributes or dimensions. The five service quality dimensions; reliability, tangibility, responsiveness, assurance and empathy are inseparable in providing customer satisfaction. The proper combination and prioritization of these service quality dimensions will enhance the effectiveness of the hotel service operations and thereby can produce significant results between service quality and customer satisfaction (Dess, 2008; Silva, 2014).

**Level of Customer Satisfaction in**
**Terms of Customer Repeat Purchase**

The overall level of customer satisfaction in terms of repeat purchase was rated very high; these are hotel menus and services gives the guest a feeling that they are able to deliver what is expected to be delivered, the additional services provided are better than the services which the other three star hotels are providing, faster delivery without any extra cost, the price of the products and services are considerably cheaper than the other three star hotels selling similar products and services, the quality of the products/services they provide is better compared to other three star hotels selling similar products and services, and the last is they sell and serve unique products and services that are not available in other three star hotels. The overall rating is high level, describing a significant level of consumption in terms of repeat purchase attributed to the hotels' price discount rate, safe and clean environment and other related service features.

Hotels who want to keep their repeat buying as well as loyal customers will increase their profit and sales and lower the marketing and operational costs.
The satisfied customers will stay at the same hotel and make more purchases. They will tell others about the good foods and great facilities that are found in the hotel. In this way, it will help hotel's promotion campaign by providing a strong positive word-of-mouth communication (Sangkaworn 2011).

Moreover, hotel service provider should aim of sustainable customer satisfaction in order to survive in the midst of competition. Hotel management must know their customer needs and wants. Customers will feel satisfied when the service provider meets their perceived value. They

will rebuy and become loyal to the company when they know their needs are being met and they are served satisfactorily (Bucak, 2014).

## Level of Customer Satisfaction in
### Terms of Purchase   Retention

The five descriptors on customer purchase retention were all rated very high indicating that the hotels were able to offer tangible and intangible quality services in terms of keeping the room temperature ambient, the parking areas are spacious, clean and safe, hygiene and sanitation are maintained. The service personnel are also well trained, courteous and honest as well as prompt to every customer's request, need and complaints.

Guests' complaints, according to Kotler and Armstrong (2006) are opportunities for hotels to provide a correct product or service to suit the customer's needs and it will be a customer testimonial for purchase retention. Business activities that create a good reputation will gain customer's trust and rapport. In other words, the better products and services that the customers get the more they become satisfied and loyal.

Customer retention is very important purposely for the company's success and profitability.  Hotels must maintain the old customers and attract new ones. The customers are important but keeping their satisfaction is more important.  Hotel managers must monitor the level of customer satisfaction and define well what strategies to be redirected, products to be innovated and services that needs improvement in order to totally meet customers' needs beyond expectation (McCullagh, 2010).

## Level of Customer Satisfaction in
### Terms of Customer Loyalty

The five indicators of customer loyalty obtained a rating of high, indicating that the management maintained healthy and friendly environment, their different function rooms have modern facilities, give emphasis on quality service superiority, brand image and knowledge, maintained customer relationship through online services, and hotels have foreign currency exchange facilities.  Customer loyalty creates repeat purchases which is very valuable for the success of the hotel operation. Loyal customers will purchase goods or services again and again. Depending on what type of business occasions and what type of sales cycle, they may end up selling more to one loyal customer than to have ten who are new customers. Hotels who will establish good relationship to customers can expect to experience higher sales volume which means higher overall profits.

Customers who exhibit loyalty to a company signify that they have a good relationship and that they trust the management to provide them quality products and services. Customers are considered as the lifeblood of the organization and so meeting their needs and ensuring their satisfaction is imperative. Fierce market competition necessitates that organizations should constantly improve their relationship with customers.  While acquiring new customers is essential, organizations must lay emphasis on retaining existing ones and creating loyal customers who will ensure stable business operations. The better the relationship with

customers, the greater the possibility to benchmark into global market intended for the business survival and long term profitability (Clarke, 2010).

## Summary on the Level of Customer Satisfaction
### In Terms of Customer Repeat Purchase,
### Purchase Retention and Customer Loyalty

The descriptive ratings of high on all the descriptors of customer satisfaction in terms of customer repeat purchase, purchase retention, and customer loyalty reflects the appreciation, good feelings and personal judgments of the customers during their short stay in the hotels as a result of the high quality services delivered and served to them.  The mean score with very good or high customer satisfaction level is impressive. In business, these three indicators are the pillars of significant return on investment and survival.

Customer satisfaction is viewed as a central determinant of customer repeat purchase, customer retention and customer loyalty.  Repeat purchase is a situation that arises when customers buy the same brand name which previously have been bought on another or the same occasion. On the other hand, customer satisfaction according to Kotler and Armstrong (2013) is the key to achieve customer retention. It is the key to a healthy business growth to make the business earn good reputation and goodwill in a competitive market.

Customer loyalty as the third determinant is the customer's attitude and behavior to prefer one brand over the other competitors whether due to satisfaction with the product or services. It is defined as the willingness of any given customer to purchase the company's goods or services over competitive ones available in the marketplace. Hotels who keep their customers by providing remarkable experiences make them loyal partners in the industry.  It encourages them to buy more consistently. Customer loyalty is an important issue for the success of any hotel.  Total customer satisfaction could hardly be realized in the absence of a positive combination of customer repeat purchase, customer retention, and customer loyalty (Haghighil, et al., 2012).

## Significance of the Relationship between Marketing
### Mix and Customer Satisfaction in terms of
### Customer Repeat Purchase

Based on the evaluated result of the four P's of marketing mix in relation to customer satisfaction in terms of repeat purchase, *price* obtained the highest rating of significant relationship; this means that the guests appreciated much the price promotion and discount rate. It is followed by *place* obtaining the second highest rating of significant relationship, indicating that peace and order situation is present.

Repeat customers are important for they induce profitability of the hotel industry and at the same time encourage the new customers to be back for a second time, third time and so on. Repeat customers are valuable in shopping, because they provide good marketing potential for the company, they become a word of mouth in terms of advertisement which is regarded as the best kind of advertisement. In some aspect, repeat customers particularly during recession are

very vital for the hotels to continue its operation because they will remain loyal even through hard times (Gbenga & Osotimehin, 2015).

**Significance of the Relationship between Marketing**
   **Mix and Customer Satisfaction in terms**
   **of Purchase Retention**

      On the basis of the evaluated data, price manifested a high customer satisfaction level followed by *place*, signifying that Davao City is safe, clean and environmental friendly and with beautiful spots for international and local tourists to visit and enjoy.

      Peter Drucker (1975) said the purpose of a business is to make and keep a customer so retention is the major objective. Customer retention refers to the ability of a company or product to retain its customers over some specified period of time. High customer retention means customers tend to return and continue to patronize throughout the entire lifetime of a relationship, successful retention is the company's ability to attract and retain new customers related not only to its product or services, but to value its existing customers who are giving more than what their expectations are.

      Successful customer retention starts with the first contact and continues throughout the entire lifetime of the relationship. It is cost effective and profitable business strategy that is imperative in today's competitive economic environment. In the same manner, it prevents and protects the interest in the areas of service customer satisfaction level (McCullagh, 2010).

**Significance of the Relationship between**
   **Marketing Mix and Customer Satisfaction**
   **in terms of Customer Loyalty**

      On the significance between marketing mix and customer satisfaction in terms of customer loyalty only price obtained a significant relationship. In order to have a successful business, the management need to have repeat and loyal customers because they are the ones who will keep the business going on and are most likely to advocate its brand products. When customer satisfaction is provided through excellent services the loyal clients will not switch to other competitors since they believe that they are not neglected and they get more than enough in return for what they expect. The use of loyal customer programs provides benefits to both customers and companies.

      Customer loyalty is the customer's attitude and behavior to prefer one brand over all other competitor due to satisfaction with the product or services. It encourages customers to purchase consistently, it is the result of the positive experiences that motivate them to return again and do business with the company. Regardless of whether it may not have the best product, price or service delivery, loyalty is essential to a company's long term competitiveness (Szwarc, 2005).

**Significance of the Relationship between**
   **Service Quality and Customer Satisfaction**

**in terms of Customer Repeat Purchase**

For the significance between service quality and customer satisfaction in terms of repeat purchase, three out of the five indicators attained a significant relationship; Assurance service dimension got the highest rating signifying the trust and confidence of the guest on the competence, courtesy, credibility and security performed by the hotel personnel. *Reliability* was the second highest, meaning the hotel staff performed the promised services dependably and accurately, and the third highest was *tangibility, which indicated* the beautiful physical appearance of the hotels including modern tools and equipment used to provide services as well as the personality of the staffs that satisfied the customers. The evaluated data on the magnitude of the combined indicators of customer repeat purchase showed that the dimension in the areas of *empathy* and *responsiveness* failed to attain a high significant rating from the respondents. Thereby, it must be improved in order to prevent any negative effect on customer satisfaction due to discouragement or resentment that would tend to slowdown the eagerness of customers to re-purchase the hotels' goods and services (Alsqre, 2011).

**Significance of the Relationship between Service**
  **Quality and Customer Satisfaction in terms**
  **of Customer Purchase Retention**

On the feeling and judgment of the respondents on the level of customer satisfaction in terms of purchase retention, based on its five indicators, only *reliability, assurance* and *tangibility* attained significant relationship. This type of services if maintained and no improvement is done may eventually cause customers to find other establishments where their expectations are met. When this happens it may result to losses and downfall of the hotel business operation. Customer retention is very important for the hotel to maintain old customers and attract the new ones. This is a very difficult job for the hotels and for each company to retain the old customer and for this reason the hotel must offer different packages of services to retain their customers (Akbaba, 2016).

**Significance of the Relationship between Service**
  **Quality and Customer Satisfaction in terms**
  **of Customer Loyalty**

The respondents rating on the five indicators on the significance between service quality and customer satisfaction in terms of customer loyalty, reliability service dimension obtained a significant relationship while the rest of the indicators had no significant relationship.

Customer loyalty is the customer attitude and behavior to prefer one brand over all other competitors. It encourages customers to purchase consistently. It is the positive experiences that motivate the guests to return again to do business with the hotels, regardless of whether it may not have the best product, price or service delivery, loyalty is more than repetition of buying behavior. Thus, customer satisfaction is viewed as a central determinant; no business

establishment will exist long without customer loyalty for it is the lifeblood of the hotel business operation (Lathanhi, et al., 2014; Peter & Olson, 2010).

## Multiple Regression Analysis of the Influence of Marketing Mix and Service Quality on Customer Satisfaction

One important objective in the conduct of this study was to identify an indicator of the independent variables that could best influence or determine customer satisfaction. The findings of the study revealed that in the overall, marketing mix has a significant influence over customer satisfaction. Interestingly, the findings revealed that all indicators of marketing mix used in this study, namely; product, price, promotion, and place are significant predictors of customer satisfaction. This finding is in line with the position of Hooley et al (2010) regarding marketing mix in which they claimed that marketing mix is important in business because it maximizes the company's attainment of a steady, continual success. They further claimed that a precise use of marketing mix will produce customer satisfaction which in turn will lead to business success. Moreover, Kadhim etal (2016 and Owolabi (2010) also declared the same thing about marketing mix. They stated that it is a blend of elements that is used to attain customer satisfaction, among others.

Similarly, the findings of this study also revealed that service quality has an overall influence on customer satisfaction because all its indicators, namely; tangibility, reliability, responsiveness, assurance and empathy, were found to be significant determinants of customer satisfaction. This finding affirms the declaration of Bucak (2014) that superior quality services results to client satisfaction. Kotler (2013) expressed that if businesses want to thrive and stay on top of the competition, they have to upkeep excellent service so that customers will be satisfied. This statement of Kotler implies that customer satisfaction is the expected outcome of excellent service; that in the context of this study would mean that hotels, if hotels were to make good profit must perform excellent service/s towards their patrons. As affirmation to this, Cravens (2012) declared that satisfied customers are the organization's real assets in ensuring long-term profitability amidst great competition.

## Conclusion

Conclusions are drawn in consideration of the results of the study. The findings did not support the theoretical assumption of no significant relationship between marketing mix and customer satisfaction. Neither did it support the theoretical assumption of no significant relations between service quality attributes and customer satisfaction among the selected three star hotels nor affirm that no specific indicator/domain in marketing mix and service quality that can predict customer satisfaction.

Conversely, the study concludes based on the results that marketing mix such as price and place and service quality attributes such as tangibility, reliability and assurance are indicators that have significant relationships on customer satisfaction, which suggests that a change in these indicators would affect the satisfaction of customers. The study further concludes that all indicators of marketing mix as well as all indicators of service quality are best predictors of

customer satisfaction. This affirms that marketing mix namely, product, price, promotion and place are tools that contribute to customer satisfaction (Kotler & Keller, 2006; Niharika, 2015). This likewise affirms the statement of Omar et al. (2015) that high quality service would result to customer satisfaction. Peter and Olson's (2010) claim that service quality is a predictor of customer satisfaction and that customers who are satisfied with the quality of service they received are likely to recommend the products or services to friends, relatives and colleagues is boosted in the findings of this study. Corollary to this, Clarke (2010) and Szwarc (2005) posited that companies that have satisfied customers not only retain their customers but increase their customers because of a word-of-mouth testimonies from friends, family and colleagues.

**Recommendations**

In view of the findings and conclusions in this study, the researcher has drawn the following recommendations: The satisfactory level of marketing mix suggests that hoteliers have to re-study their product, price, promotion, and place in order to satisfy the demands of customers that by doing so would attract more customers. This is a win-win situation for both hoteliers and customers, in that hotel owners will make more profit and customers will enjoy their money's worth during their stay in the hotel.

Likewise, the overall high level of customer satisfaction with the quality of services of these non-accredited hotels suggests that hoteliers may already submit themselves for accreditation with the Department of Tourism (DOT). Accreditation standardizes the whole company operation. So, once they subject themselves for accreditation, their products, facilities, and services will be raised to a standard level. Such standardization of hotel's products, facilities, and services will result to customers' repeat purchase, customers' purchase retention, and customer loyalty.

Furthermore, future researchers may duplicate this study in other agencies – public or private, business establishments and the like. Or, they may investigate other drivers of customer satisfaction other than those included in this study.