



Research Article

The Impact of Customer Loyalty Programs on Consumer Decision-Making: Evidence from Coastal Hotels in Albania

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Abstract

This study examines the impact of customer loyalty programs on consumer decision-making in the hotel industry. More specifically, it explores the extent to which loyalty programs influence customers' choice of hotel, intentions to make repeat bookings, and preferences for specific hotel services. The study uses a quantitative research design. Data were collected through a structured questionnaire based on a five-point Likert scale and were administered to hotel customers in the coastal cities of Durrës, Vlora, and Saranda, in Albania, during the period from June to September 2025. The findings show that customer loyalty programs have a positive effect on consumer decision-making in the hotel sector. In particular, incentives offered through loyalty programs play an important role in the hotel selection, by promote repeat reservations, and increase customers' preference for certain hotels. The results also indicate that loyalty programs help build stronger relationships with customers and improve customer retention. This study contributes to the existing literature by providing empirical evidence from the Albanian hospitality sector, with a focus on coastal hotels in Durrës, Vlora, and Saranda. In addition, it offers practical implications for hotel managers by highlighting the strategic importance of loyalty programs as a useful tool for attracting customers, building long-term relationships, and increasing retention.

Keywords: customer loyalty programs, consumer decision-making, customer loyalty, hospitality industry

INTRODUCTION

This study aims to analyse and evaluate the impact of customer loyalty programs on and decision-making process and consumer behaviour. The research focuses particularly on 3- and 4-star hotels operating in the coastal areas of Albania, specifically in Durrës, Vlora, and Saranda. The selection of these areas is not random. They are the most important destinations in the Albanian tourism industry. These destinations are characterized by two main points: by a high flow of domestic and international tourists and a highly dynamic and competitive accommodation industry.



Loyalty programs are designed as strategic mechanisms to increase consumer engagement and strengthen long-term relationship with businesses. The aim is to offer consumers additional benefits in the form of discounts, personalized services, exclusive experiences, rewards for purchases, and repeated stays. The main purpose of these programs is maintaining a loyal relation between customers and services. On the other hand, these programs help businesses strengthen customer relationships and maximize customer lifetime value [1].

More specifically, during this study is analysed how the use of loyalty programs affects consumer decision-making. The following hypothesis will be studied by analysing the relationship between the dependent variables “customer decision-making” and the independent variable “loyalty programs”, through the factors such as Customer Experience, Customer Choice, Customer Satisfaction, Customer Demand, Customer Engagement, and Customer Perception.

- **H1:** The presence of customer loyalty programs affects consumer decision-making.
- **H0:** The presence of customer loyalty programs does not affect consumer decision-making.

LITERATURE REVIEW

Customer decision-making is commonly presented in literature as a multi dimensional process that involves different stages in the purchase of a product or service. Although different models have been developed, the five-stage Cox model, that also nowadays is the most commonly used model, for explaining the process of consumer decision-making [2]. The model starts when the consumer recognizes a need, then continues with searching for information and finds alternatives, and ends with the purchase decision and post-purchase evaluation. This model is particularly useful because it explains the main factors that shape consumer choice [3, 4].

Especially in the tourism and hospitality context, where the relationship between the customer and the business is strong and feedback is immediate, loyalty programs may influence each stage of this process [5]. Therefore, the Cox model provides a relevant theoretical basis for examining the role of loyalty programs in consumer decision-making and customer loyalty [2].

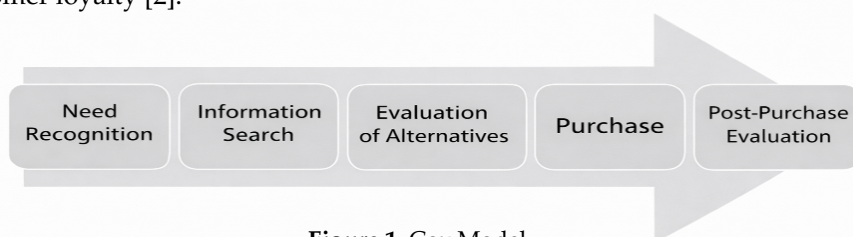


Figure 1. Cox Model

The first stage, "Need of Recognition," identifies a gap between the consumer's current preferences and the desired preferences. This stage may benefit the purchasing process if the available product or service is perceived as appropriate [6]. In the tourism industry, advertisements, previous experiences, and loyalty programs can significantly influence this stage by encouraging consumers to choose a particular destination.

Once the need is identified, in the second stage, the consumer begins to gather "information" about products or services that can satisfy their needs. In this stage the comparison between different alternatives is based on personal criteria such as price, service quality, location, and reviews from other customers. At this point, loyalty programs may play a key role as a differentiating factor among alternatives and as an added value strategy [7].

"The purchase" stage involves making the final decision to buy a product or service. In the tourism industry factors such as booking security, additional benefits, and cancellation policies may influence the final decision [8]. Loyalty programs that offer benefits may encourage consumers to choose a specific hotel.

After the purchase of the service, the customer reflects on the experience and evaluates whether expectations have been met [9]. If the experience is positive and the expectations has been met, and if loyalty programs has been applied, means that a loyalty program has include customers decisions. This paper analyses this issue through questionnaire administered to customers of Albanian hotels. The aim is to examine whether loyalty programs in the tourism sector influence each stage of the decision-making process, from need recognition to the intention to repeat the experience or recommend it to others.

METHODOLOGY AND DESIGN

The research methodology provides a description of the methods and instruments, applied for the collection, analysis, and interpretation of data related to the impact of customer loyalty programs on consumer decision-making, with a focus on the tourism industry in Albania. The main purpose is to ensure transparency and clarity in the research process by making the findings valid, reliable, and scientifically verifiable.

This study adopts a non-probability approach using purposive sampling [10]. The sample selection is focused on domestic and international tourists that has been accommodated in 3- and 4-star hotels in the coastal areas of Durrës, Vlora, and Saranda, during June-September 2025. The sample is heterogeneous, including a wide range of perceptions and experiences in order to reflect the complexity of the tourism industry [10]. The data collection has been made from June to September 2025, when coastal tourism in Albania reaches its peak season [11].

Through this methodological framework, the study establishes a solid basis for the collection and analysis of relevant data, which will be used to test the hypothesis related to the impact of customer loyalty programs on consumer decision-making. A sample of 410 participants is considered adequate, as it satisfies both the requirements suggested by [12] and the methodological standard of a 95% confidence level with a $\pm 5\%$ margin of error.

ANALYSIS OF RESEARCH RESULTS

Table 1 depict the customer loyalty programs and key consumer behaviour factors.

Table 1. Customer Loyalty Programs and Key Consumer Behaviour Factors

Customer Loyalty Programs	Consumer Decision-Making	Customer Experience
		Customer Choice
		Customer Satisfaction
		Customer Demand
		Customer Engagement
		Customer Perception

Reliability Statistics

Table 2 depict Cronbach's Alpha test for our case study

Table 4.2. Cronbach's Alpha Test

Variables	Alpha Coefficient
Raw (Non-standardized)	0.959540
Standardized	0.961673

After collecting data from the entire sample, the reliability analysis was made by using Cronbach's Alpha coefficient. The results obtained, with a non-standardized Alpha of 0.959540 and a standardized Alpha of 0.961673, indicate a high level of internal consistency, showing that the questionnaire variables work in harmony and consistently measure the theoretical construct [12]. A high value of Cronbach's Alpha confirms the quality and coherence of the instrument, allowing the development of further analyses.

Descriptive Analysis

Table 3 presents the descriptive statistics for the main study variables. The findings show that "Consumer Experience" has the highest mean score with $M = 4.27$ and $SD = 0.87$, indicating that respondents generally reported a positive evaluation of their overall experience. Other factors such as "Consumer Satisfaction" with $M = 4.16$ and $SD = 1.00$ and "Consumer Choice" with $M = 4.04$ and $SD = 1.08$, also reflects relatively high average scores.

On the other hand, “Consumer Demand” shows a moderate mean value with $M = 3.74$ and $SD = 1.05$, while “Customer Loyalty Programs” has a slightly lower mean with $M = 3.45$ and $SD = 1.15$. The lowest mean is found for “Consumer Engagement” with $M = 3.43$ and $SD = 1.27$, suggesting a comparatively lower but still moderate level of engagement among respondents. Customer Perception also shows a moderate to positive mean score with $M = 3.83$ and $SD = 1.18$.

Overall, the results indicate that most variables were evaluated positively by the respondents, as the mean scores are above the midpoint of the scale from 1 to 5. In addition, the mode value is 4 for all variables, which suggests that the most frequent response was generally positive. These findings provide an initial understanding of respondents’ views and create a useful basis for further statistical analysis.

Table 3. Descriptive Statistics of the Main Study Variables: Mean, Standard Deviation, Minimum, Maximum, Mode, Median, and Range

Variable	N	Mean	Std	Sum	Minimum	Maximum	Mode	Range
Customer Loyalty Programs	410	3.45	1.15	559.5	1	5	4	3
Consumer Experience	410	4.27	0.87	691	1	5	4	4
Consumer Choice	410	4.04	1.08	654	1	5	4	4
Consumer Satisfaction	410	4.16	1.00	674	1	5	4	4
Consumer Demand	410	3.74	1.05	606	1	5	4	4
Consumer Engagement	410	3.43	1.27	556	1	5	4	4
Customer Perception	410	3.83	1.18	620	1	5	4	4

Variance Analysis (ANOVA)

In this section of the study, the Analysis of Variance ANOVA was used to evaluate the impact of customer loyalty programs on consumer decision-making. The main purpose of this analysis is to verify whether there are statistically significant differences among consumer groups depending on their level of involvement in loyalty programs. ANOVA is one of the most widely used techniques in empirical research for comparing the means of multiple groups and for identifying the factors that have the greatest influence on the variables under study [14, 15]. In the context of this study, the analysis aims to show how the presence and intensity of loyalty programs influence the consumer decision-making

process and the level of loyalty toward tourism services. A sample of 410 participants is considered sufficiently large for the use of ANOVA.

The results presented in table 4 show a F value equal to 91.72 with $p < 0.0001$, indicating a statistically significant differences among the groups. This means that the intensity of participation in customer loyalty programs has a significant effect on consumers' behaviour and decision-making. The large proportion of variance explained by the model with $SS = 192.93$, suggests that a substantial part of the variation in customer loyalty is explained by participation in loyalty programs, confirming the validity of the model and its explanatory power.

In Table 5, the adjusted mean values of LSMEAN, show an increase in the level of loyalty, from 3.42 to 4.63 at the highest level. This increase indicates that consumer involvement in loyalty programs has progressive positive effects, where consumers who receive more privileges, rewards, and personalized benefits show higher levels of satisfaction and commitment [16].

The results show that, even under heteroscedasticity, customer loyalty programs have a strong and statistically significant effect on customer loyalty. This increases the reliability of the analysis and reduces the risk of misinterpretation. Based on all the data presented above, hypothesis H1 is confirmed, while the null hypothesis H0 is rejected. This indicates that customer loyalty programs have a significant influence on consumer decision-making.

Table 6 depict the welch ANOVA for testing the effect of customer loyalty programs

Table 4. Analysis of Variance (ANOVA) for Assessing the Impact of Customer Loyalty Program Levels on Customer decision-making

Source	DF	Sum of Squares (SS)	Mean Square (MS)	F	Pr > F
Model	4	192.9276	48.2319	91.72	<.0001
Error	405	212.9846	0.5259		
Corrected Total	409	405.9122			

Table 5. LSMEAN according to the Levels of Customer Loyalty Programs

Level	LSMEAN
1	3.42
2	2.78
3	3.12
4	4.11
5	4.63

Table 6. Welch ANOVA for Testing the Effect of Customer Loyalty Programs

Source	DF	F	Pr > F
Customer Loyalty Programs	4	97.75	<.0001
Error		62.9205	

SUMMARY AND CONCLUSIONS

Analysis of Variance ANOVA was used to analyse the impact of loyalty programs on consumer decision-making. The results showed highly statistically significant effects across all the variables studied, confirming the strategic role of loyalty programs in marketing and customer relationship management in the tourism sector in Albania. Those results suggests that consumers who are more actively involved in these programs develop a stronger and consistent decision-making process [16]. In conclusion, the results underline that well-structured loyalty programs represent a key factor in strengthening consumer–business relationships. Based on the analysis, the study concludes that the presence of customer loyalty programs significantly affects consumer decision-making through factors such as customer experience, customer choice, customer satisfaction, customer demand, customer engagement, and customer perception, thereby supporting H1 and rejecting H0.

This study faces several limitations that should be taken into consideration when interpreting the findings and applying them to broader practices. The sample was collected only in three coastal cities of Albania, respectively Durrës, Vlora, and Saranda. Although these are important tourist destinations, the results cannot be generalized to the entire tourism sector at the national level, potentially excluding the realities of other regions such as mountainous areas or urban centres like Tirana.

Based on the results of the analysis, several actions are recommended to improve the customer experience and increase loyalty. First, significant importance should be given to investing in service quality and staff training in order to improve the direct experience that customers have during their stay at the hotel. Second, it is necessary to strengthen loyalty programs by focusing on the personalization of benefits and the inclusion of elements that help the overall customer experience. Creating emotional and personalized experiences and segmenting customers based on their preferences improve the impact of loyalty programs. Third, continuous analysis of consumer behaviour is important in order to better understand customer behaviour and to personalize interactions with them.

CONFLICT OF INTERESTS

All authors declare that they have no conflicts of interest.

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