Price Discrimination and its Impact on Tourist Satisfaction and loyalty: Evidence from Tourist Companies and five Star Hotels

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Abstract

The research aims to construct a theoretical model that examines the relationship between tourist’s perception price fairness; satisfaction and loyalty. It is believed that the perception of tourists influences their judgment, increasing satisfaction and loyalty outcomes. The relationships were examined though data obtained from customers of hotels in Cairo City using the Spearman correlation coefficient analysis. Tourists are chosen from the users of online reservation systems of the Egyptian Tourist companies (category "A") and 5-star hotels for booking rooms or tourist programs. The research results showed that perceived price fairness had a significant positive effect on tourist satisfaction; also, the results showed that perceived price fairness had a significant positive effect on affective and behavioral loyalty. Finally, the recommendations confirm the need to pay attention to the non-discrimination of price among customers to maintain the satisfaction and loyalty of tourists and thus the repetition of the purchase and become a frequent customer of the hotel or the tourist company.

Keywords: pricing, price discrimination, perceived price fairness, customer satisfaction, affective loyalty, behavioral loyalty, Egypt.

1-Introduction

Price was defined as the sum of the values customers exchange for the benefit of having or the product or service usage “(Kotler, et al., 2010). Price is the simplest element in the marketing mix to adjust; other elements (product, distribution channels and promotional efforts) are time consuming (Kotler, 2013). To increase firm’s competitiveness, hotel or tourist company should decrease production’s cost, increase their market share or adjust their price (Dolgui and Porth, 2010). But a price increase may also result to a decrease in competitiveness because consumers react differently to changes in price.

Pricing is a very vital method in accounting as it had a great impact on the profitability and survival of the firm. Generally, pricing can be defined as the way that the firm adopts to set its price of product (Business Dictionary 2013). Also, Price was an important determinant of consumer’s choice (Kotler, 2013). Therefore, Pricing is an important tool in the tourism and hospitality industry. The use of variable pricing allows Tourist companies (category "A") and 5-star hotels to change price according to the change in demand. For a strategy of pricing to be effective, it must apply with the demand of customer as a lowering in price should result in an increase in customer demand (Choi and Mattila, 2005). The use of technology by hotel in the distribution of hotel rooms has made it more difficult for hotels to gain customer loyalty and increase demand (Shoemaker and Bowen, 2003).
A professional pricing is extremely close up to the highest that buyers are ready to pay, that is, a pricing that would not only maximize profit returns, but will also retain the loyalty of customers to that product. Hence, this calls for an experimental research to understand the relationship of price with satisfaction and loyalty (Kotler, 2013). Hotels can change prices as they want, but if tourists view the hotels pricing policy as unjust, it will influence tourist’s satisfaction and decision as they would not support the hotel in future, So that loyalty become difficult to be achieved, that is because of the rising use of online reservation systems, which allows hotels and tourist companies to change price simply via internet (Shoemaker and Bowen, 2003).

There has been an important use of online reservation systems by Tourist companies and hotels that allowing them to change prices easily through internet by offering various prices for the same service or product, previous justice’s perceptions affect perceived value and tourist satisfaction and produce diverse emotions and behavioral responses by tourists (Gummesson, 2002). So the Price fairness is perception of tourist’s sales deal and outcome being just acceptable and reasonable (Bolton, et al., 2003). Specifically, pricing will be considered from the customer’s perception. This is because; the perception (fair or unfair) of the tourists about hotel or tourist company prices and pricing strategy has a great influence on customer satisfaction, loyalty and the long-term profitability of the firm, and the intention to purchase and repurchase (Kimes, 2002; Xia et al., 2004). But there are few studies that tested the effect of perceived price fairness as a single variable on customer’s behavioral outcome. Therefore, there should be a comprehensive research on the impact of perceived price fairness as a single construct on customer satisfaction and loyalty (Mayouf, 2017).

Taking price fairness into consideration, this research seeks to give insight to managers in Tourist companies and hotels on the impact of fairness of perceived price on tourist’s satisfaction and tourist’s loyalty. This research aims at providing empirical proof on the effect of perceived price fairness on customer satisfaction and affective and behavioral loyalty. Practically, this research aims at giving hotels and tourist companies’ managers in marketing, accounting and relationship marketing insight to perceived price fairness and its impact on tourist satisfaction and loyalty and provides strategies on how to maintain tourist positive perception about price. To achieve the research objectives thorough investigation and research of literature in tourism, marketing and hospitality accounting have been carried out to differentiate the gaps. If price handled well, it can produce positive result and be a competitive advantage (Dolgui and Porth, 2010). But also, vise verse, increasing price may also cause to a decrease in competitiveness because consumers react differently to price change.

Finally, field work had been carried out in Cairo City due to many reasons such as; Cairo is the Capital of Egypt, It has “29” Five Star hotels, so it is the second city in Egypt after Sharm El Sheikh “43 Five Star Hotels” (Egyptian Hotel Association, 2016). Also Egypt has about 1240 tourist company category “A”(Ministry of Tourism, 2015).
Moreover the relative importance of tourism and hospitality in Egypt and the growing competition in the tourism and hospitality industry. The data is analyzed using SPSS V22 to determine outputs of the research results and results found is used for the provision of implication to tourism and hospitality industries and academicians.

2-Literature Review

2/1-Pricing and Price Discrimination Definitions

Pricing can be defined as the method which the company adopts to set its price of product (Kotler, 2013). And it is usually depending on the company’s cost of the firm, the buyer’s perceived value of the product or service in comparison to the competing products (Monroe, 2003). Zenithal et al., (2001) assured that companies can only be profitable if they are able to set prices that cover cost and thereafter determine a percentage addition which then accounts for the firm’s profit.

Price discrimination is the strategy of varying prices over the time across tourists, or across circumstances, and has been a common practice in both services and bodily goods industries for a long time (Wu, et al, 2012).

Also, in the hospitality industry, several cost factors are associated with the service offering (room rate pricing), e.g., cost of sale, man power, marketing, advertisement (Harris and Mongiella, 2007). These factors are evident and important standards for setting prices.

2/2-Pricing Techniques

Hung et al. (2010) assured that hotel pricing techniques can be divided into the following ways:

A- Cost-based pricing techniques

Here price is equal to cost and it has different methods as the following:

A/1- Target profit

Here the company puts the desired target profit, then puts the price on the profit.

A/2- Cost plus margin

This is the easiest method, Here the company adds a margin to its total cost, normally expressed in percentages to arrive at the final price markup (Price = Cost + (markup percentage x Cost)).

A/3- Price margin

This margin is not calculated based on cost, but based on price.

B- Demand-based pricing techniques

Here the companies’ prices are increased or reduced, taking demand into consideration. The demand-based pricing techniques are such as the following:

B/1- Price discrimination

This technique allows the firm to contract different prices of the same product or service to different customers at different times.

B/2- Experimentation

Here the company sets the suitable price to be fixed taking the firm’s objectives into consideration.
B/3- Predatory
Here the company sets prices lower than its competitors’ prices with the objective of getting the competitors out of the market, so that the company can increase its prices spectacularly.

C - Competition-based pricing techniques
Here the company fixes its prices with taking the prices of its competitors into consideration. Also, the company’s prices will be determined based on the company’s market position.

C/1- Lower prices
The company lowers its prices with the objectives of breakthrough a market which is already dominated by competitors (Bassey, 2014).

C/2- Equal prices:
Prices are equal when there is a perceived parity of products.

C/3- Higher prices
Here prices are higher than competitors’ prices on the condition that a well-known advantage is obvious.

2/3- Types of Pricing Strategy
There are several pricing strategies, but in general there are two categories of pricing as follow.

2/3/1- Flat Rate Pricing
It means that the client pays a fixed price with no matter to the level of demand and taking only changes in the event of economic changes into consideration as, increase in production cost etc. It is clear that flat rate and variable strategies have been successfully implemented in many service industries such as airline, hospitality and car rental, but nowadays this pricing strategy has been less implemented in the tourism and hospitality industry because of the change in demand (Hoffman and Bateson, 2010).

2/3/2- Variable Pricing
It is the opposite of the flat rate but here prices are modified based on the demand. In hotels to increase sales and make profit, they use variables pricing that allows management to increase price when there is an increase in demand and vise versa (Chio and Mattila, 2005).

2/4- Importance of pricing
Bowie and Buttle (2004) assured that Pricing provides the link between quality and the tourist’s expectation. So if there is a high price, the tourist will expect a high experience of the quality of tourism and hospitality product or service.

2/5- Pricing in Tourism and Hospitality Industry
Choi and Cho (2000) indicated that pricing decisions in hospitality and tourism industry are not only important, but also complicated that is relative to the features of the industry such as; seasonality, intangibility, etc. Also in hotels; insufficient demand, fixed cost (manpower) contributes to make pricing decisions more complex (room pricing).
Perceived Price Fairness

Tourist companies (category "A") and 5 star hotels can charge as many different prices as they want, but if tourists perceive the company (Tourist Company or hotel) pricing policy as unfair this will influence their satisfaction, and would negatively treat the hotel or the company in future. Perceived price fairness had a great importance because it influences customer satisfaction, loyalty and the long-term profitability (Xia et al., 2004).

Bolton, et al. (2003) suggested that the tourist perceives the price increase as being fair when it is rationalize by increase in cost and unfair when increased price is depending on the company’s intent to increase profit and take merit of increased demand. Tourists match the paid price with what other tourists paid for comparable service. So that, when there is a difference in the price, an unfairness perception will be generated by tourists.

Xia et al. (2004) assured that unfair price perception influences customer satisfaction and intention to repurchase. For example when a tourist books for the same room (or an airline ticket or package tour) using an online via internet reservation system and gets a room for $120 and his friend gets the same room using the same mode for $90, there are tendencies that he will feel that hotel’s pricing is unfair and thus influencing his judgment and satisfaction of the tourist.

Tourist Satisfaction

Cronin et al. (2000) reported that tourist satisfaction is a post consumption judgment by the customer of a product or service, giving a verdict for or against the derived fulfillment of his or her consumption. There are many factors that influence tourist’s satisfaction such as; price, quality etc. Price was an important factor for tourist satisfaction; customers in their evaluation of value of product or service consider the price.

Tourist Loyalty

Evanschitzky and Wunderlich (2006) claimed that when the tourist becomes loyal, he/she makes more repeated purchase, that impact greatly on company’s profitability; also they spread positive word of mouth about the company thereby becoming supporter for the company. Loyal customer is against negative word of mouth, also price insensitive, and he purchases the product or service regardless of new offers proposed by other competitors.

Cognitive Loyalty

It is the first stage of loyalty; Tourist loyalty can be a result of offering information such as; price, quality etc. It can be considered the lowest stage of loyalty because it is directed cost and benefit of an offering and not at the brand itself. Tourists may change their opinions once they perceive alternative offerings. Cognitive loyalty is highly influenced by customer evaluation response of the experience, especially the perceived performance of the offering (Wu et al., 2012).

Affective Loyalty

Affective loyalty can be linked to a favorable attitude towards a specific brand of service or product. It could be created because of improved attractiveness of competitive offering and enhanced competitive brands.
2/6- Hypotheses of the Research:

The Research Hypotheses inspect the relationship between the following variables; perceived price fairness, tourist satisfaction and loyalty results; affective and behavioral loyalty.

2/6/1- The Research proposed Model

The conceptual model is illustrated in figure (1); the model proposes that perceived price fairness positively influences tourist satisfaction and loyalty results; affective and behavioral loyalty. Tourist’s satisfaction positively influences tourist loyalty. The model attempts to examine the previous hypotheses; the first tests the link between perceived price fairness and tourist satisfaction, the second tests the link between perceived price fairness and loyalty consequences, and finally the third tests the link between tourist satisfaction and tourist’s behavioral and affective loyalty.

Kimes and Wirtz (2003) assured that paid price and the rules used in setting price affected the price fairness’ perception. Therefore, it is advised that firms should have a fair pricing strategy. Price to be perceived as fair, firms must ensure that it is logic and it should be clear that some tourists will still perceive it as unfair, thus negative perception influences their judgments and affective behaviors. That is for the reason that; tourists are heterogeneous in nature, each distinguishing things and situations differently.

![Figure (1): The research proposed model](image)

Perceived price fairness and tourist satisfaction

Tourist’s perceived price fairness affects his perceived value, satisfaction and so reacts various emotions and behavioral responds. So that a positive perception will lead to a positive behavior responds and vise versa. Also, satisfaction is not only dependent on the service or product alone, but also has a greater dependence on the perception of the tourist. It is not only service quality that positively relates to satisfaction but price fairness (Bassey, 2014).
Attaining Tourist’s satisfaction will lead the Tourist Company and hotels towards tourist loyalty; ensure profitability, increase positive word of mouth. These facts proposed that there is a positive relationship between perceived price fairness and tourist satisfaction (Phellas et al., 2012). The following hypothesis can be stated as:

**H₁: Perceived price fairness is positively related to tourist satisfaction.**

If customer perceives that price is reasonable, he will repurchase. And vise verse, not minding if he was satisfied with the product or service (Bei and Chaiio, 2001). This implies that there is also a positive association of perceived price fairness and tourist loyalty (Martin-Consuegra, et al., 2007). The customer loyalty will be generated, if customer’s perception of price is fair (Hassan, et al., 2013). So that, the research proposes a relationship between perceived price fairness and loyalty outcomes, such as the following:

**H₂: Perceived price fairness is positively related to tourist behavioral loyalty and affective loyalty.**

**Tourist satisfaction and tourist loyalty:**

Tourist loyalty is one of the most desired goals of several companies, because of two major reasons; firstly; it is easy to secure a purchase from an old client than from a new one and has a positive effect on company’s revenue (Edvardsson et al., 2000). When a customer becomes loyal, he/she makes more frequent purchase which impact greatly on the company’s profitability. Additionally they spread positive word of mouth and becoming advocates for the company.

Loyal customers’ are resistant to negative word of mouth, so they are price insensitive, they are committed to purchasing the product or service regardless of new conditions or offers offered by a the competitors. Loyalty is a long-term promise to repurchase comprising both repeated care and a positive attitude. Tourist’s loyalty is generated through three steps; belief (price fairness) affect (satisfaction) and cognitive (tourist loyalty). There is a positive correlation between tourist satisfaction and tourist loyalty. Tourist’s loyalty can be influenced by tourist satisfaction that in turn affects the company’s profitability. The framework of loyalty begins with cognitive loyalty based on brand-related beliefs and ends with an action which is known as behavioral loyalty.

The stage of “affective loyalty” is stronger than earlier “cognitive loyalty” because it incorporates beliefs and hedonic evaluations (Han et al., 2008). But this research therefore uses affective loyalty and behavioral loyalty being that at the stage of affectivity there is beliefs and hedonic evaluation and at behavioral, attitude and intentions are turned to action. So if the tourists are satisfied, they will show loyalty behaviors.

**H₃: Tourist satisfaction is positively related to tourist (a) behavioral loyalty and (b) affective loyalty.**
3- Methodology
3/1- Questionnaire Structure
The questionnaire forms were disseminated via emails. Contact (email address) of respondent is gotten through the data base of online reservation customers of 5-star hotels and Tourist companies' (category "A") in Cairo City. Subsequently, a follow up email was sent to ensure a higher response. This is done consistently for the time lag. Thus, the total 5 star hotels' responds rate was 280 questionnaires, that is from 300 questionnaires forms were distributed and the percentage of the suitable collected questionnaires forms for statistical analysis was (93.3%) and the total Tourist companies' (category "A") responds rate was 230 questionnaires, that’s from 250 questionnaires forms were distributed and the percentage of the suitable collected questionnaires forms for statistical analysis was (92%). The response rate can be attributed to the amount of administered questionnaire, choice of hotels and tourist companies for the survey and the trust which the customers have on the hotels and travel agencies also account for the high responds rate.

This research, therefore, aims at developing generalization using questionnaires. After the research objectives presentation, that rely on how price fairness perception that affects satisfaction and loyalty of hotel tourists using online reservation techniques. In line with the discussion and justification presented in the literature review, the information needed for this research is specified and consequently, the questionnaire was developed with the desired information for the research is ensured and avoidance of ambiguous words and questions is taken into consideration, and it was built using questions found in previous researches as; (Kimes and Writz, 2007), (Han et al., 2008), (Bassey, 2014), (Mayouf, 2017). The questions as presented in questionnaire forms aim at evaluating perceived price fairness, tourist satisfaction and loyalty consequences (tourist behavioral and affective loyalty).

**Perceived Price Fairness**
In the tourism and lodging industry tourists experience different prices and the due to the mixed nature of tourists. As a result, this aims to identify the tourists’ perception of price strategies used in hotel industry. This is significant as the tourist’s perception of fairness affects their satisfaction, overall loyalty and long-term profitability of a firm (Kimes, Writz, 2002). So to measure perceived price fairness, questions are adopted from (Bassey, 2014) and (Kimes and Writz, 2007) and it consisted of four items.

**Customer Satisfaction**
Price fairness positively relates to customer satisfaction and so firms to achieve and keep profitable relationships with their customers firms must ensure customers are satisfied and this can be achieved through fair pricing. Therefore, this aims at identifying the extent to which price fairness influences customer’s satisfaction. To measure customer satisfaction, questions are adopted from (Bassey, 2014) and (Han et al., 2008) and consisted of five questions.
Customer Loyalty

Studies such as Gustafsson et al., (2005); Cronin et al., (2000) have supported a direct effect of satisfaction on loyalty, so this aims at highlighting the effect of customer’s satisfaction on loyalty. To measure loyalty outcomes, standard questions are adopted from (Bassey, 2014) and (Han et al., 2008) consisting of three questions relating to affective loyalty, four questions relating to behavioral loyalty.

The participants completed this form by using one to five selections, one meaning strongly agree, two for agree, three refers to undecided, four disagree and five meaning strongly disagree.

Finally, the respondents are required to state their demographic characteristic (i.e. control variables) including gender, age, income etc. Moreover, some questions such as how often they make online booking for hotels’ rooms and tourist programs in tourist companies are made for the purpose of research.

3/2- Data Collection

The data for this research is gathered from customers of tourism and hospitality industry in Cairo City. The target respondents are customers of several hotels who make booking and reservations online. Respondents are informed about the purpose and context of the research and further assured the confidentiality and anonymity of the provided information for the research. Besides, they are also aware of the unfeasibility to carry out this research without their corporation and responds. So, the importance of the research and what is expected of the respondent is clearly stated.

As mentioned in the form section, the variables for the research are perceived price fairness, tourist’s satisfaction and loyalty results (affective and behavioral). To measure these variable, standard questions are used which are adopted from previous studies. Data for this research was gathered from customers from 5-star hotels and Tourist companies (category "A") customers who have used online reservation systems within the past six months from the date that questionnaire was administered. The questionnaire is administered within a time lag of two months. The questionnaires are administered online via email in August 2016 and follow up emails sent in September 2016 and data collected by October 2016.

3/3- Sampling

Considering the topic of the research, the population of research (customers of 5-star hotels and Tourist companies (category "A") in Cairo City is very large and scattered geographically, so, there has been a need for choosing a sample, as an important criteria for conducting the research. Regarding to the nationalities of the participants they are as follow:
Table (1): The Nationalities of the participants

<table>
<thead>
<tr>
<th>No.</th>
<th>Nationalities</th>
<th>Hotels</th>
<th>Tourist Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Americans</td>
<td>80</td>
<td>54</td>
<td>26.3%</td>
</tr>
<tr>
<td>2</td>
<td>Germans</td>
<td>75</td>
<td>65</td>
<td>27.5%</td>
</tr>
<tr>
<td>3</td>
<td>British</td>
<td>55</td>
<td>40</td>
<td>18.6%</td>
</tr>
<tr>
<td>4</td>
<td>French</td>
<td>46</td>
<td>31</td>
<td>15.1%</td>
</tr>
<tr>
<td>5</td>
<td>Italians</td>
<td>15</td>
<td>35</td>
<td>9.8%</td>
</tr>
<tr>
<td>6</td>
<td>Others</td>
<td>9</td>
<td>5</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>280</td>
<td>230</td>
<td>510</td>
</tr>
</tbody>
</table>

As shown in table (1): the majority of the respondents were Germans and Americans with (27.5%) and (26.3%). And about 18.6% of the respondents were British and 15.1% were French. Also 9.8% of the respondents were Italians, and finally, the others respondents’ nationalities were about 2.7%.

3/4- Rational for Using Judgmental Sampling

The sampling plan and parameters of this research is such that a judgmental sampling method is selected as the advantage of the researcher’s judgment of the appropriate group of the research is considered, thus setting the criteria for the research. Similarly, it is noted that for a judgmental sampling, the samples are selected of those who believe that they represent the population of interest (Bassey, 2014).

This sampling method is deemed appropriate for this research because the representative sample can bring more accurate results than other sampling method. The sample for this research is the online reservation customers of hotels in Cairo City as it is believed that they experience the most price differences and thus their perception of price fairness is suitable for popularization.

3/5- Data Analysis and Measurement

Analysis is carried out by the means of standard based on realistic, valid, appropriate and measurable norms. The effects of tourist perceived price fairness on his satisfaction and loyalty consequences (affective and behavioral) were tested by provided data, Likert scale is used for the measurement of the research variables. A 5-point Likert scale is used as it is the most commonly used scaling method. The analysis was done by SPSS Version 22. The analysis done included demographic profile of the sample, confirmatory factor analysis, means standard deviation, correlation of the research variables and regressions.
4- Findings of the Research
4/1- Respondent Profile
4/1/1- Descriptive Statistics

The descriptive statistics showed that 68.60% of the respondents are males while 31.40% of them are females. 27.50% of the respondents are between 18 and 27 years old, 37.30% of them are between 28 and 37 years old, and 25.50% are of them are between 38 and 47 years old. And finally, 9.70% of the respondents are between 48 and 57 years old Table (1).

Table (2): The descriptive statistics of the Respondents

<table>
<thead>
<tr>
<th>Description</th>
<th>frequency</th>
<th>Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-27</td>
<td>140</td>
<td>27.45</td>
</tr>
<tr>
<td>28-37</td>
<td>190</td>
<td>37.25</td>
</tr>
<tr>
<td>38-47</td>
<td>130</td>
<td>25.50</td>
</tr>
<tr>
<td>48-57</td>
<td>50</td>
<td>9.80</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>350</td>
<td>68.63</td>
</tr>
<tr>
<td>Female</td>
<td>160</td>
<td>31.37</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100%</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single or divorced</td>
<td>200</td>
<td>39.22</td>
</tr>
<tr>
<td>Married</td>
<td>310</td>
<td>60.78</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100%</td>
</tr>
<tr>
<td>Income Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500-999 $</td>
<td>165</td>
<td>32.35</td>
</tr>
<tr>
<td>1000-1499 $</td>
<td>105</td>
<td>20.59</td>
</tr>
<tr>
<td>1500-1999 $</td>
<td>125</td>
<td>24.51</td>
</tr>
<tr>
<td>2000-2499 $</td>
<td>65</td>
<td>12.75</td>
</tr>
<tr>
<td>Above 2500 $</td>
<td>50</td>
<td>9.80</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100%</td>
</tr>
</tbody>
</table>

As shown in table (2); the majority of the respondents were male. About 69% of the respondents were male and the rest were females (31%). Also 37% of the respondent were between 28 and 37, 27.5% were between 18 and 27, and the respondents from 38 to 47 years old were about 25.50%. About 39% were single or divorced while the rest (60.80%) were married. In terms of income level, thirty-two percent of the respondents had between 500-999 dollars per month, 21% of the respondent had wages of 1,000-1,499 dollars and 24.5% had an income between 1,500-1,999 per month, about 13% percent of the respondents had between 2000-2499 $ per month and the rest of the respondents (9.80%) had income above 2500 $ per month.
According to Evanschitzky & Wunderlich (2006) there are different factors influence the development of the different stages of the loyalty stage. The variables were divided into two groups, personal (age, education, and gender) and situational characteristics (expertise, product and price orientation).

4/1/2- Characteristics of the research sample:

Table (3): Characteristics of the research sample

<table>
<thead>
<tr>
<th>Sample</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>280</td>
<td>54.9</td>
<td>54.9</td>
</tr>
<tr>
<td>Tourist Companies</td>
<td>230</td>
<td>45.1</td>
<td>45.1</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100%</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure (2): Characteristics of the sample

4/1/3- Comparison between Tourist Companies and Hotels

The research uses “Mann-Whitney U Test” to determine the source of the difference between hotels and tourist companies around some statements as follows:

First: The Mann-Whitney U Test to determine whether there is a difference between hotels and tourist companies in offering the best possible prices that meet tourist needs as follows:

Table (4): Difference between hotels and tourist companies in offering the best possible prices

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean Ranks</th>
<th>(Z)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>This (Tourist Company / Hotel) offers the best possible price that meets your needs</td>
<td>193.4</td>
<td>214</td>
<td>3.071</td>
</tr>
</tbody>
</table>
As shown in Table (4), it is clear that the value of \( \text{P.Value} \) for "This (tourist company / hotel) offers the best possible price that meets your needs" equal (0.317) or 31.7%, which is greater than the Significance level of 5%, and therefore the research accepts the null hypothesis that, The average opinions of respondents in hotels and tourist companies concerning the offers of the best prices that meet their needs is equal, so, the differences are not significant.

**Second: The Mann-Whitney U Test to determine whether there is a difference between hotels and tourist companies in providing a variety of pricing plans** as follow:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean Ranks</th>
<th>(Z)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tourist Companies</td>
<td></td>
<td>Hotels</td>
</tr>
<tr>
<td>This (Tourist Company / Hotel) provides a variety of pricing plans.</td>
<td>191.4</td>
<td>221</td>
<td>3.092</td>
</tr>
</tbody>
</table>

As shown in Table (5), it is clear that the value of \( \text{P.Value} \) for this phrase (Tourist Company / Hotel) offers a variety of pricing plans (0.261) i.e. 26.1%, which is greater than the Significance level of 5%, and therefore the research accepts the null hypothesis that, The average opinions of respondents in hotels and tourist companies concerning providing of a variety of pricing plans is equal, so, the differences are not significant.

**Third: The Mann-Whitney U Test to determine the existence of the difference between hotels and tourist companies, in charging reasonable prices** as follow:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean Ranks</th>
<th>(Z)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tourist Companies</td>
<td></td>
<td>Hotels</td>
</tr>
<tr>
<td>The price charged by this (Tourist Company / Hotel) is reasonable</td>
<td>184.4</td>
<td>242</td>
<td>3.021</td>
</tr>
</tbody>
</table>

As shown in table (6), it is clear that the value of \( \text{P.Value} \) for the phrase "the price charged by this (tourist company / hotel) is reasonable" is equal to (0.181) or 18.1% which is greater than the level of Significance level of 5%, and therefore the research accepts the null hypothesis that, The average opinions of respondents in hotels and tourist companies concerning “the price charged is reasonable” is equal, so, the differences are not significant.
4/2- Testing the hypotheses of the research:

4/2/1- The first hypothesis:

The relationship between Perceived Price Fairness and Tourist Satisfaction

\[ H_1: \text{Perceived price fairness is positively related to Tourist satisfaction.} \]

There is a positive connection between supposed price fairness and tourist satisfaction. For testing this hypothesis, the researchers used the Spearman correlation coefficient to measure the relationship between the previous two variable and the results were as follows:

**Table (7): The relationship between perceived price fairness and tourist satisfaction**

<table>
<thead>
<tr>
<th>Decision</th>
<th>P Value</th>
<th>The value of the correlation parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>0.00</td>
<td>+0.869</td>
</tr>
</tbody>
</table>

It is clear from the previous table (7) that there is a direct positive correlation between perceived price fairness and tourist satisfaction (+0.869). Also it showed that the value of (P value) is **0.00** or **0%**, which is less than **5%**. As a result, the study rejects null hypothesis and accepts the alternative one; that there is relationship between perceived price fairness and the satisfaction of the tourist about the services or products in hotels or tourist companies.

At the level of (\( \alpha = 0.01 \)) between perceived price fairness and tourist satisfaction (+0.869) and with a significant value (0.00). From all previous results show significant and significant moral value, we accept the hypothesis.

4/2/2- The second hypothesis:

\[ H_{2a}: \text{Perceived price fairness is positively related to tourist behavioral loyalty.} \]

For testing the earlier hypothesis, the researchers used the Spearman correlation coefficient to determine the relationship between Perceived Price Fairness and Tourist Behavioral Loyalty. The results were as shown in Table (8) as the following:

**Table (8): The correlation between perceived price fairness and tourist behavioral loyalty**

<table>
<thead>
<tr>
<th>Decision</th>
<th>P Value</th>
<th>The value of the correlation parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>0.00</td>
<td>+0.637</td>
</tr>
</tbody>
</table>

It is clear from the previous table (8) that there is a direct correlation between perceived price fairness and tourist behavioral loyalty (+0.637). Also it is noted that the value of (P. Value) is 0.00 or 0%, which is less than the 5% level of significance, and therefore the null hypothesis should be rejected and accept the alternative hypothesis that there is correlation between fair value and tourist behavioral loyalty Morality.

-29-
From Table (8); there is a significant positive correlation relationship at the level of (\(\alpha = 0.01\)) between Perceived Price Fairness and tourist behavioral loyalty (+0.637), with a significant value (0.00). From all previous results show significant and significant moral value, we accept the hypothesis.

**H2b:** Perceived price fairness is positively related to tourist affective loyalty.

There is a correlation between perceived price fairness and tourist affective loyalty. To test this hypothesis, the researchers used the Spearman correlation coefficient to measure the relationship between the previous two variables. The results were as follows:

**Table (9): The relationship between perceived price fairness and tourist affective loyalty**

<table>
<thead>
<tr>
<th>Decision</th>
<th>P Value</th>
<th>The value of the correlation parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>0.00</td>
<td>+0.611</td>
</tr>
</tbody>
</table>

It is clear from the previous table (9) that there is a direct correlation between perceived price fairness and tourist affective loyalty (+0.611). Also it is noted that the value of (P. Value) is 0.00 or 0%, which is less than 5%, and so as to the null hypothesis should be rejected and accept the alternative hypothesis; that there is correlation between the previous two variables.

From Table (9); there is a significant positive correlation at the level of (\(\alpha = 0.01\)) between perceived price fairness and tourist affective loyalty, (+0.611), with a significant value (0.00). From all previous results show significant and significant moral value, so that we can accept the hypothesis.

**4/2/3 - Third hypothesis:**

The relationship between tourist satisfaction and tourist behavioral Loyalty:

**H3a:** Tourist satisfaction is positively related to tourist behavioral loyalty.

There is a positive relationship between tourist satisfaction and tourist behavioral loyalty. For testing this hypothesis, the researchers used the Spearman correlation coefficient to measure the relationship between tourist satisfaction and tourist behavioral loyalty. The results were as shown in Table (10) as follows:

**Table (10): The relationship between tourist satisfaction and tourist behavioral loyalty**

<table>
<thead>
<tr>
<th>Decision</th>
<th>P Value</th>
<th>The value of the correlation parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>0.00</td>
<td>+0.877</td>
</tr>
</tbody>
</table>
From table (10); there is a direct positive correlation between tourist satisfaction and tourist behavioral loyalty (+0.877). Also it is noted that the value of (P. Value) is 0.00 or 0%, which is less than the 5% level of significance, and so as to the null hypothesis should be rejected and the alternative hypothesis be accepted that there is correlation between fair value and tourist behavioral loyalty. From all previous results show significant and significant moral value, so that we accept the hypothesis.

**The relationship between tourist satisfaction and tourist Affective loyalty:**

H\textsubscript{3b}: Tourist satisfaction is positively related to tourist Affective loyalty.

There is a relationship between tourist satisfaction and affective loyalty. To test this hypothesis, the researchers used the Spearman correlation coefficient to measure the relationship between Perceived price fairness and tourist affective loyalty. The results were as shown in Table (11) as follows:

**Table (11): The relationship between tourist satisfaction and tourist Affective loyalty**

<table>
<thead>
<tr>
<th>Decision</th>
<th>P Value</th>
<th>The value of the correlation parameter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>0.00</td>
<td>+0.893</td>
</tr>
</tbody>
</table>

It is clear from the previous table (11) that there is a direct correlation between tourist satisfaction and tourist affective loyalty (+0.893). Also it is noted that the value of (P. Value) be 0.00 (0%), that is fewer than 5%, consequently, the alternative hypothesis should be accepted and the null hypothesis should be rejected, therefore there is a positive relationship between the previous two variables. From all previous results show significant and significant moral value, so that we can accept the hypothesis.

There are a lot of factors that influence tourist loyalty such as service quality, service fairness, price fairness, and customer satisfaction. A few have supported a direct relationship between these variables, the correlating link between these variables through tourist satisfaction such as; Akbar and Parvez (2009); Martin-Consuegra et al., (2007), Henning-Thurau et al., (2002); Wong and Zhou (2006) stating that customers who are satisfied display positive loyalty behavior. According to Shoemaker & Bowen (2003), customers are likely to check price when they stay in the hotel again and finally will possibly check and compare rates at other hotels. As a result, these customers are not real loyal customers because they will subsequently ask for cheaper rates during their next stay and also, they will be confused.

According to (Kimes and Wirtz, 2003; Chio and Mattila, 2005) researches findings, customers have different perceptions of fairness about pricing strategy. The fairness perception affects perceived value, tourist’s satisfaction and produces different emotions and tourist behavioral responds. Therefore, it was important to empirically test the influence of these strategies on tourist’s perception of price fairness in the tourism and hospitality industry.
Table (12) Mean Standard Deviation. Correlations of research’s variables and Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Alpha</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Perceived price fairness</td>
<td>3.4</td>
<td>1.23</td>
<td>.95</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Tourist Satisfaction</td>
<td>3.50</td>
<td>1.32</td>
<td>.97</td>
<td>.901</td>
<td>.897</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Tourist affective loyalty</td>
<td>3.38</td>
<td>1.29</td>
<td>.98</td>
<td>.876</td>
<td>.877</td>
<td>.879</td>
<td></td>
</tr>
<tr>
<td>4 Tourist behavioral loyalty</td>
<td>3.55</td>
<td>1.42</td>
<td>.98</td>
<td>.837</td>
<td>.877</td>
<td>.879</td>
<td></td>
</tr>
</tbody>
</table>

Note: Composite scores for each construct were computed by averaging item scores. The score for constructs ranged from 1 to 5. ** Correlation is significant at the 0.01 level (2-tailed).

Means, standard, deviations and correlations of the research variables are presented in Table (9); All correlation coefficients were significant (p<0.01). Thus, the first three conditions for the mediation analysis were met (Baron and Kenny, 1986). That it, PPF is significantly correlated with CSAT (r= .901), thus the first condition regarding the relationship between the predictor variable and the mediator is met. The significant link between the predictor variable and the criterion variable confirms the second condition, that is PPF is significantly related with AFL (r=.876) and BL (r=.837) as shown in Table (12). As tourist satisfaction demonstrates a significant relationship with AFL (r=.893) and BL (r=.877), the third condition regarding the link between the mediator and the criterion variable is also verified. The coefficient alphas are also presented in Table (12) that is the coefficient alphas for each variable were greater than 0.70.

4/3- Results of Testing Research Hypotheses:

From all the previous results, testing research hypotheses can be summarized as reported in Table (13).

Table (13): Results of Testing Research Hypotheses.

<table>
<thead>
<tr>
<th>No.</th>
<th>Hypothesis</th>
<th>Testing Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Perceived price fairness is positively related to</td>
<td>Reject H0 and</td>
</tr>
<tr>
<td></td>
<td>Tourist satisfaction.</td>
<td>accept H1.</td>
</tr>
<tr>
<td>2a</td>
<td>Perceived price fairness is positively related to</td>
<td>Reject H0 and</td>
</tr>
<tr>
<td></td>
<td>Tourist behavioral loyalty.</td>
<td>accept H2a.</td>
</tr>
<tr>
<td>2b</td>
<td>Perceived price fairness is positively related to</td>
<td>Reject H0 and</td>
</tr>
<tr>
<td></td>
<td>Tourist affective loyalty.</td>
<td>accept H2b.</td>
</tr>
<tr>
<td>3a</td>
<td>Tourist satisfaction is positively related to</td>
<td>Reject H0 and</td>
</tr>
<tr>
<td></td>
<td>Tourist behavioral loyalty.</td>
<td>accept H3a.</td>
</tr>
<tr>
<td>3b</td>
<td>Tourist satisfaction is positively related to</td>
<td>Reject H0 and</td>
</tr>
<tr>
<td></td>
<td>Tourist affective loyalty</td>
<td>accept H3b.</td>
</tr>
</tbody>
</table>
Conclusion:

The perceived price fairness of a tourist influences his perceived value, satisfaction and he produces various emotions and behavioral responses (Gummesson, 2002). So, a positive perception will lead to a positive response and behavior and vice versa. The tourists’ perception influences their response, which have great impact on their satisfaction, loyalty and long term profitability (Kimes, 2002; Xia et al., 2004). Hotels could charge various prices as they desire, but if tourists view the hotels pricing policy as unjust this will influence their satisfaction and they would negatively support the hotel in future. Because of this, tourist’s loyalty will be difficult to achieve. Also that has been difficult because of the rising utilize of online reservation systems, that allowing hotels to change price simply via internet (Shoemaker and Bowen, 2003). As a result, considering the importance of tourist’s behavior and the impacts it exerts on the profitability of a firm, it was therefore relevant that research should test the relationship between perceived price fairness, tourist satisfactions and loyalty; affective and behavioral loyalty.

The purpose of the research was to test the relational link between perceived price fairness, customer satisfaction and loyalty outcomes. Data for the research was gathered from Tourist companies’ (category “A”) and 5-star hotels’ guests in Cairo City who use online reservation systems using a non-probability judgmental sampling technique. The analysis of data (280 questionnaires for 5-star hotels) and (230 questionnaires for Tourist companies’ (category "A") was done using SPSS V22. The research developed 3 hypotheses (H1, H2 and H3; H3a, H3b) and all the hypotheses were supported.

Throughout the research, 3 hypotheses were developed and tested. Accordingly, all correlation coefficient was significant (p<0.01). All the hypotheses developed are supported. The first hypothesis (H1) which proposed that Perceived price fairness is positively related to customer satisfaction “was supported being that perceived price fairness is significantly correlated with customer satisfaction (r= .901).

These findings corroborates with previous studies such as Srikanjanarak, et. al., (2009); Bei and Chiao (2001); Cronin, et al., (2000); Hermann, et al., (2007) and Martin-Consuegra, et al., (2007) meaning that when the customer perceive the price as being fair, the satisfaction outcome will be positive likewise when they perceive price to be unfair the outcome of satisfaction will be negative.

The second hypothesis (H2) which proposed that Perceived price fairness is positively related; tourist behavioral loyalty and tourist affective loyalty, and that was also supported with a positive relationship of BL (r=.837) and AFL (r=.876).
Affective loyalty can be linked to a favorable attitude towards a specific brand or product. Accordingly, Han, et al., (2008) stated that affective loyalty conforms to the customer’s beliefs evaluation. Therefore, this finding lends support being that perceived price fairness is a function of beliefs. Similarly, behavioral loyalty is the last state of loyalty where attitude is converted to action (repurchase) as a result of affective responses, the consumer then takes action.

These previous findings are consistent with the research of Martin-Consuegra, et al., (2007); Bei and Chaio (2001) meaning that if the tourist perceives that price is fair, they will display a repurchase intention. But if tourists perceive that the price is unreasonable and that the sacrifice is not useful, they possibly will not repurchase the product again, not minding if they were satisfied with the product or service. This result is important as all the dimensions of loyalty necessarily don’t lead to action. Accordingly, the research supports a positive influence on behavioral loyalty.

The third hypothesis H₃ stating that Tourist satisfaction is positively related to tourist behavioral loyalty and affective loyalty “was also supported with appositive relationship of AFL (r=.893) and BL (r=.877). Affective loyalty related to a positive attitude towards a particular brand. When expectation is confirmed, satisfaction is generated thus affective loyalty is influenced. This gives good reason to the results that supports a positive relationship between tourist satisfaction and tourist affective loyalty. For that reason, satisfaction is to be a reason for predicting tourists repeat purchase and behavioral loyalty (purchase repetition). Moreover this justifies the encouraging findings which support a positive relationship between tourist satisfaction and tourist behavioral loyalty.

These results agreed with numerous studies as Han, et al., (2008); Seiders et al. (2005); Henning-Thurau, et al., (2002). That means that when tourists’ expectations are fulfilled in transaction the probability of the customer repurchasing is high, as reliable with Wong and Sohal (2003). Consequently, satisfied tourists display loyalty behavioral outcomes. The more satisfied tourists are the more they will repurchase.

Finally, the results of this research suggests that perceived price fairness is positively related to tourist’s loyalty showed the results contribute to the hospitality accounting, management and marketing by investigating the relationships among perceived price fairness, tourist satisfaction and loyalty incorporating the loyalty flow.

2/5- Further research

Future research and the development of theoretical or conceptual frameworks are required on price discrimination generally, but particularly focusing on the tourism industry. In particular, there is a need for measuring the impact of price discrimination on different tourism sector aspects such as tourism enterprises profitability, competitive advantage, and image and market share etc.
2/6- Recommendations:

The research has several implications in the hospitality industry. Accordingly, both literature and findings of the research reveal the importance of perceived price fairness on tourist’s behavioral outcome which was the aim of this research. For the research it has been proven that perceived price fairness can be regarded as a base to which satisfaction and loyalty can be maintained in the hotel industry. It is also evident that satisfied tourists show high cunning to repurchase and will be ready to pay a different price. This is evident in the fact that service performance cannot be easily compared but price can. Therefore, hotel management should pay attention to pricing issues and alternative prices which directly influences perception of the tourists. Furthermore, tourist companies and hotel management should also focus on the factors that influences perceived price fairness thereby enhancing on factor which increase the perception of the customers since the results showed that perceived price fairness maximizes satisfaction and loyalty behaviors.

The research recommends the tourist companies and hotel managers to care about the following practices to maintain the customer satisfaction and loyalty of price discrimination:
1. The tourist companies (tourist programs pricing) and hotel room rates should be suitable to the customer gained experience during his stay in Egypt.
2. Set the same room rates and tourist programs across all online distribution channels.
3. Try to set the hotel room rate like or less than the rate of similar rooms on the competitor's website and if your rates are higher, give your customers more details about the hotel privileges and facilities included (Mayouf, 2017).

Finally, tourist companies and hotels’ management should ensure that those involved in pricing should work closely with those in relationship marketing department and ensure their pricing strategies are consistent with their objectives.

2/7- References:


إن الغرض من هذا البحث هو تطوير نموذج مفاهيمي يدرس العلاقة بين نظرة العملاء إلى العدالة السعرية والرضاء والولاء لديهم، وقد تم تطبيقه على عملاء الرعاية والولاء السلوكية. إن العدالة السعرية المتوقعة هي تصور العميل لمعاملات البيع والنتائج العادلة والمقبولة والمعقولة. ويتطلب أن تصميم العملاء يؤثر على حكمهم وبالتالي زيادة رضاهم وولائهم. وقد تم دراسة العلاقات المتصلة من خلال البيانات التي تم الحصول عليها من عملاء الفندق، فئة الخمس نجوم، والشركات السياحية (فئة "أ") في مدينة القاهرة، وقد تم التركيز في اختيار العملاء على مستخدمي أنظمة الحجز عبر الإنترنت (الفندق 5 نجوم لغرض الحجز أو البرامج السياحية، وقد تم تحليل الاستمارة باستخدام برنامج إصدار SPSS (الإصدار 22) عن طريق تعديل معامل ارتباط سبيرمان، وغيرها. وفقاً للنتائج، فإن العدالة السعرية المتوقعة لها تأثير إيجابي كبير على رضا العملاء، وبالتالي، أظهرت النتائج أن العدالة السعرية المتوقعة له تأثير إيجابي كبير أيضاً على رضا العملاء المحتملين والسلوكي للعملاء. وبالتالي فإن العدالة السعرية تزيد من رضا وولاء العملاء. وعلى ذلك، فإن توصيات الدراسة تؤكد على ضرورة الاهتمام بعدم التمييز السعرية بين العملاء، وقولًا على رضا وولاء العملاء وبالتالي تكرارية الشراء، وأن يصبح العملاء عملاء دائم ومتكرر لل الفندق أو الشركة السياحية. 

الكلمات الدالة: التمييز السعرى، العدالة السعرية المتوقعة، رضا العملاء، الولاء العاطفي، الولاء السلوكى، مصر.