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THE EFFECTS OF LOYALTY PROGRAMS ON WORD-OF-MOUTH COMMUNICATION AND RECOMMENDATION INTENTIONS: EVIDENCE FROM ALBANIA'S COASTAL CITIES OF DURRËS, VLORA AND SARANDA

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Abstract

This study investigates the effects of hotel loyalty program participation on tourists' word-of-mouth communication and recommendation intentions in the coastal Albanian destinations of Durrës, Vlora, and Saranda. Primary data were collected through a structured questionnaire based on a five-point Likert scale, managed to guests staying in three- and four-star hotels, to a valid sample of 400 tourists. The study employs descriptive statistics, correlation analysis, regression modelling, and ANOVA to examine the relationships among loyalty program participation, customer satisfaction, word-of-mouth behaviour, and intention to recommend, as well as to test the formulated hypotheses during this paper. The results indicate that participation in loyalty programs has a positive and significant effect on both word-of-mouth communication and recommendation intentions. ANOVA results show statistically significant differences across levels of loyalty program usage, with adjusted means increasing progressively from very low to very high participation groups. Correlation analysis reveals strong associations between loyalty program participation, perceived benefits, privileges, and advocacy behaviours. The findings confirm that loyalty programs function not only as retention mechanisms but also as strategic drivers of customer advocacy. Tourists who are actively engaged in loyalty programs are more likely to talk positively about hotels, post online reviews,



and recommend them to others. The study contributes empirical evidence from Durrës, Vlora, and Saranda, representing an emerging Mediterranean tourism context, and highlights managerial implications, emphasising the importance of designing loyalty programs that combine economic rewards with experiential and relational benefits.

Keywords: Loyalty programs, Word-of-mouth communication, Recommendation intentions, Customer loyalty, Coastal tourism

INTRODUCTION

Customer loyalty has become a central concept in the tourism and hospitality industry, as service providers increasingly recognize that retaining existing customers is often more profitable than continually acquiring new ones. Loyalty is commonly defined as a deeply held commitment to repurchase a preferred product or service consistently in the future, despite external influences and marketing efforts (Oliver, 1999). In tourism, customer loyalty is reflected through repeat visits, continued preference for a destination or hotel, resistance to competitors' offers, and positive behavioural intentions such as recommendations to friends and family (Bowen & Chen, 2001).

Loyalty programs are structured marketing initiatives that reward customers for repeated purchases, encourage long-term relationships, and create switching barriers by increasing perceived value (Sharp & Sharp, 1997). In the hotel and travel agency sectors, these programs often include point systems, membership tiers, discounts, exclusive services, personalized offers, or mobile application benefits. Previous research suggests that well-designed loyalty programs can strengthen the psychological and behavioural bonds between customers and service providers, ultimately influencing retention, brand commitment, and advocacy behaviour (Keh & Lee, 2006; McCall & Voorhees, 2010).

Customer satisfaction is a crucial mediating variable in this process. Satisfaction is explained from the comparison between customer expectations and perceived service performance (Kotler & Keller, 2016). Satisfied customers are more likely to evaluate loyalty program benefits positively, to remain engaged in program activities, and to perceive a higher level of fairness and value exchange. In the tourism context, satisfaction not only influences repeat visitation but also drives post-purchase communication behaviours.

One of the most powerful outcomes of satisfaction and loyalty is word-of-mouth communication (WOM) and recommendation intention. Word-of-mouth refers to informal communication directed at other consumers regarding the ownership, usage, or characteristics of goods and services (Westbrook, 1987). WOM plays a particularly important role in tourism

because services are intangible and risky, therefore, travellers rely heavily on recommendations from previous visitors (Litvin, Goldsmith, & Pan, 2008). Recommendation intention that explains the willingness of a consumer to suggest a product, service, or destination to others, is considered a key indicator of behavioural loyalty and an essential driver of business growth in hospitality markets. Loyalty programs, by creating emotional attachment and perceived rewards, have the potential to stimulate such recommendation behaviours. Although the concepts of word-of-mouth (WOM) communication and recommendation intentions are closely related and often positively correlated, they represent distinct theoretical constructs within consumer-behaviour literature.

The Albanian tourism sector represents an important empirical setting for examining these relationships. During the last decade, Albania has experienced rapid growth in tourism, becoming one of the most dynamic destinations in the Western Balkans and the wider Mediterranean region. In 2024, the country recorded approximately 11.7 million foreign arrivals, confirming tourism sector as one of the main contributors to national economic development (INSTAT, 2024). Coastal destinations such as Durrës, Vlorë and Saranda attract the majority of international and domestic tourists during the summer season, generating intense competition among hotels. In such an environment, the ability to cultivate loyal customers through effective loyalty programs and to transform satisfied tourists into positive WOM ambassadors becomes vital for sustaining competitiveness and destination image.

The empirical research was conducted in Durrës, Vlorë, and Saranda during the peak season period of June–August 2025. Data were collected from a sample of 410 tourists staying in three- and four-star hotels. By integrating these constructs into a single framework, the research contributes to the literature on loyalty programs, tourist behaviour, and service marketing. Moreover, it provides practical implications for managers of hotels in designing loyalty programs that not only encourage repeat visitation but also stimulate positive customer advocacy.

LITERATURE REVIEW

Customer loyalty in tourism and hospitality

Customer loyalty is one of the most extensively examined constructs in service marketing because of its strong association with long-term profitability, market stability and competitive advantage. Loyalty is commonly defined as a combination of attitudinal commitment and behavioural consistency toward a preferred brand or service provider (Oliver, 1999). In the tourism and hospitality context, loyalty is reflected in tourists' willingness to recommend

destinations and hotels to others, their resistance to competitive offerings, and their long-term relational attachment to service providers (Bowen & Chen, 2001).

Loyal customers are highly valuable because they generate greater lifetime economic returns, reduce dependence on promotional spending, and contribute to stable demand (Reichheld & Teal, 2001). In addition, loyal tourists often engage in advocacy behaviours such as positive word-of-mouth (WOM), online reviews and destination promotion. These behaviours are especially crucial in tourism, where service experiences are intangible and risk perceptions are high (Chen & Tsai, 2007). Prior research further shows that loyalty is multidimensional and involves both attitudinal loyalties related with, psychological preference, commitment, and behavioural loyalty related with, actual repurchase and revisit patterns (Dick & Basu, 1994). The interplay between these dimensions determines whether tourists merely express satisfaction or transform into repeat and recommending customers.

On the other hand, multiple determinants of customer loyalty in tourism have been identified. These include perceived service quality, perceived value, emotional experiences, destination image, trust, and satisfaction resulting from service encounters (Kandampully & Suhartanto, 2000). In hotel contexts, loyalty is also shaped by service personalization, staff interaction quality, brand reputation, and the consistency of service delivery over time. As tourism markets become increasingly competitive and destinations become more substitutable, understanding how loyalty is created and sustained becomes a strategic priority for hotel managers and tourism service providers.

Customer loyalty programs

Customer loyalty programs represent one of the primary relational marketing tools used to encourage repeat purchases and strengthen customer–firm relationships. They are typically defined as structured marketing initiatives designed to reward customers for their ongoing loyalty (Sharp & Sharp, 1997). In tourism and hospitality, loyalty programs may take various forms, such as point accumulation schemes, discount systems, membership clubs, mobile app-based reward systems integrated with digital platforms, etc.

In hotels, typical loyalty program benefits include room upgrades, late checkout, free services, exclusive member rates, or personalized communication. Such tangible and intangible rewards reinforce customers' perceived value and recognition, which subsequently promotes stronger repatronship with the service provider (McCall & Voorhees, 2010). Prior empirical studies confirm that participation in loyalty programs can enhance repurchase intention, reduce price sensitivity, increase switching costs and strengthen attitudinal loyalty toward the firm (Keh & Lee, 2006; Yi & Jeon, 2003).

Recent research emphasizes that modern loyalty programs increasingly integrate personalization and data-driven customization. Digital platforms and mobile applications allow hotels to design individualized offers, track preferences and tailor communication in real time (Dorotic, Bijmolt & Verhoef, 2012). As a result, loyalty programs are evolving from simple transactional discount mechanisms into comprehensive relationship-management systems focused on emotional connection, engagement and brand community creation.

Customer satisfaction as a mediating variable

Customer satisfaction is widely recognized as a central construct in service marketing and tourism research. It is commonly defined as the result of a cognitive–affective comparison between customers’ expectations and their perceived performance after the service experience (Kotler & Keller, 2016). In hospitality settings, satisfaction is shaped by a range of experiential elements, including service quality, staff behaviour, cleanliness and comfort of facilities and hotel location and amenities. Because hospitality products are predominantly experiential and inseparable from service delivery, even small variations in service encounters can strongly affect overall satisfaction judgments.

Satisfied customers are more likely to return to the same hotel or destination, demonstrate lower switching behaviour, and display stronger loyalty and advocacy tendencies (Homburg & Giering, 2001). The satisfaction–loyalty relationship is one of the most consistent findings in service research, indicating that satisfaction contributes both to attitudinal loyalty and behavioural loyalty.

In particular, loyalty programs may not influence loyalty directly, but they generate satisfaction through the provision of rewards, recognition and perceived fairness, and this satisfaction then drives loyalty-related responses. Empirical studies confirm that customer satisfaction mediates the effects of loyalty programs on repurchase intention, recommendation intention and word-of-mouth communication (Keh & Lee, 2006). This suggests that loyalty programs must be perceived as valuable and satisfying experiences to effectively promote long-term customer relationships.

Word-of-mouth communication in tourism

Word-of-mouth (WOM) communication is one of the most influential outcomes of tourism consumption, referring to informal exchanges of opinions and evaluations among consumers about tourism services and destinations (Westbrook, 1987). Because tourism services are intangible and high in perceived risk, travellers rely strongly on the experiences of previous visitors when choosing destinations and hotels. (Litvin, Goldsmith, & Pan, 2008).

Traditional WOM occurs through interpersonal conversations, while electronic word-of-mouth (eWOM) is expressed through online platforms such as TripAdvisor, Booking.com, and social media, reaching large audiences and strongly influencing destination image and purchase decisions (Hennig-Thurau et al., 2004; Filieri & McLeay, 2014). Positive WOM enhances reputation and market positioning, whereas negative WOM may harm hotel brands, particularly in competitive coastal markets.

Empirical studies show that WOM is closely associated with satisfaction, perceived value, loyalty programme participation, and trust (Keh & Lee, 2006; McCall & Voorhees, 2010). Tourists who are satisfied and perceive high benefits and privileges from loyalty programmes are more likely to recommend hotels to others, to have recommended them previously, and to post online reviews, indicating that WOM functions as both a behavioural outcome of satisfaction and a strategic competitive asset in tourism.

Recommendation intentions

Recommendation intention refers to a consumer's stated willingness to suggest a product, service, or destination to others and is widely recognized as a key indicator of behavioural loyalty and long-term business success (Zeithaml, Berry, & Parasuraman, 1996). In tourism, recommendation intentions are particularly important because travel choices are strongly influenced by interpersonal communication and the perceived credibility of other travelers' experiences. Previous research has shown that recommendation intention is shaped by multiple antecedents, including customer satisfaction, trust, emotional attachment, and perceived service quality (Chen & Tsai, 2007).

In addition, economic and relational value perceptions play a crucial role. A reasonable price strengthens perceptions of fairness and value for money, which increases tourists' willingness to recommend a service provider. Likewise, perceived benefits derived from loyalty programs, such as discounts, rewards, and convenience, enhance perceived value and satisfaction, which translate into stronger recommendation intentions. Beyond monetary benefits, privileges such as priority services, recognition, or exclusive treatment foster psychological attachment and status perceptions, further encouraging customers to advocate for the hotel through recommendations.

Empirical studies consistently demonstrate that tourists who perceive services as fairly priced and who experience meaningful benefits and privileges are more likely to recommend hotels and destinations to others, both through interpersonal communication and online review platforms (Keh & Lee, 2006; McCall & Voorhees, 2010). Therefore, recommendation intention emerges as a central behavioural outcome not only of satisfaction and service quality but also of

perceived value dimensions such as price fairness, benefits, and membership privileges, making it a critical indicator for evaluating service performance and loyalty program effectiveness.

Loyalty programs, WOM and recommendation intentions in tourism

The effectiveness of loyalty programs is context dependent and may vary according to destination characteristics, cultural settings and market maturity.

Despite increasing scholarly attention internationally, empirical studies exploring the link between loyalty programs, WOM and recommendation intentions in emerging destinations remain relatively scarce. In particular, research focusing on South-Eastern European and Western Balkan tourism markets, including Albania, is still limited. This gap highlights the need for context-specific empirical evidence examining how loyalty programs function in rapidly growing tourism environments such as Durrës, Vlorë and Saranda. This study addresses this gap by investigating the mechanisms through which loyalty programs influence satisfaction, WOM communication and recommendation intentions among tourists in Albanian coastal destinations.

This study formulates the following hypotheses to examine the relationship between customer loyalty programs, word-of-mouth communication, and recommendation intentions among tourists:

H1: Customer satisfaction mediates the relationship between loyalty program participation and tourists' recommendation intentions.

H0: Customer satisfaction does not mediate the relationship between loyalty program participation and tourists' recommendation intentions.

H2: Participation in hotel loyalty programs has a positive and significant effect on tourists' word-of-mouth communication.

H0: Participation in hotel loyalty programs has no significant effect on tourists' word-of-mouth communication.

RESEARCH METHODOLOGY

Research Design

This study adopts a quantitative research design to analyse the relationships between loyalty programs, customer satisfaction, word-of-mouth communication, and recommendation intentions among tourists in Albanian coastal destinations. Primary data were collected using a structured questionnaire based on a five-point Likert scale ranging from 1 corresponded to strongly disagree and to 5 corresponded to strongly agree. The questionnaire measured

constructs such as loyalty program participation, perceived value, satisfaction, WOM behaviour, and intention to recommend.

A quantitative design was chosen because it allows the researcher to measure psychological constructs objectively, to test relationships between variables, and to generalise the results to a wider population of tourists. The statistical analysis examines whether participation in loyalty programmes has a significant effect on tourists' satisfaction and their intention to recommend hotels to others (Ali et al., 2018).

Sampling Strategy

The target population included international and domestic tourists accommodated in three- and four-star hotels in the coastal cities of Durrës, Vlora, and Saranda. A heterogeneous sampling strategy was applied to capture variation in age, nationality, travel purpose, travel frequency, and loyalty program membership status. This heterogeneity allowed broader comparative insights into tourist behaviour and increased external validity of the study.

Hotels were selected based on star classification and location, while respondents were approached in hotel lobbies and common areas using intercept surveys. The sampling design made possible to observe differences in word-of-mouth and recommendation behaviour among tourists exposed and not exposed to loyalty programs, reflecting real market conditions in Albania's coastal tourism industry (Altinay & Paraskevas, 2008; Saunders, Lewis, & Thornhill, 2019; Veal, 2017).

Sample Size and Timeframe of the Study

Sample adequacy is essential for ensuring statistical reliability and representativeness. Based on hotel capacity statistics and estimated tourist flows in those three cities, a minimum sample requirement was calculated using the standard sample size formula for finite populations. Applying a 95% confidence level and $\pm 5\%$ margin of error resulted in an estimated minimum sample size of approximately 399 respondents.

$$n = \frac{N}{1 + N \cdot (e)^2}$$

Where, n = sample size, N = population size, e = margin of error (0.05) (Balla, 2015)

According to data obtained from INSTAT and Booking.com, the coastal areas included in the study comprise a total of 2,370 hotel rooms, respectively 766 in Durrës, 939 in Vlora and 665 in Saranda. Considering an average of two persons per room, the daily accommodation capacity is estimated at approximately 4,740 persons. Over a two-month period (60 days), this

corresponds to a potential of 284,400 persons. Applying an average occupancy rate of 80%, the possible study population is calculated to be approximately 227,520 individuals.

$$n = 227,520 / (1 + 227,520 \times (0.05)^2) = 227,520 / 570.8 \approx 399$$

So in total, 410 valid questionnaires were collected. Data collection was carried out during the high tourism season from June to August 2025, when tourist volume peaks and interaction with loyalty programs is most active (Bryman, 2016).

Statistical Tools for Data Analysis and Interpretation

Several statistical techniques were used to analyse the survey data. The reliability of the measurement scales was assessed using Cronbach's Alpha to ensure internal consistency (Nunnally, 1978; Hair et al., 2019). Descriptive statistics were employed to summarise the main characteristics of respondents and key study variables. Because the questionnaire used Likert-type scales from 1 to 5, Spearman's correlation was applied to examine the relationships among loyalty programmes, customer satisfaction, word-of-mouth communication, and recommendation intentions.

To test the research hypotheses, regression analyses were performed. Multiple regression analysis was used to identify the direct effects of loyalty programme participation on satisfaction, word-of-mouth communication, and recommendation intentions. In addition, Welch's ANOVA was conducted to determine whether statistically significant differences existed between groups of respondents based on their Likert-scale answers. This analysis confirmed whether the groups differed in meaningful ways. Tukey–Kramer post-hoc tests were then applied to identify which specific groups were significantly different from each other. These statistical procedures ensured robust, precise, and trustworthy results (Delacre, Lakens, & Leys, 2019).

RESULTS AND DISCUSSIONS

Reliability Statistics

Table 1. Cronbach's Alpha Test

Measure	Cronbach's Alpha
Raw (Unstandardized)	0.9595
Standardized	0.9617

The internal consistency of the measurement scale was assessed using Cronbach's Alpha. The results indicate very high reliability. The unstandardized Cronbach's Alpha

coefficient was 0.9595, while the standardized Cronbach's Alpha was 0.9617. Since both coefficients exceed the recommended level of 0.70 (Nunnally, 1978; Hair et al., 2019), the scale demonstrates excellent internal consistency and reliability. These results confirm that the items used to measure the construct are highly correlated and consistently reflect the same underlying variable.

Descriptive Statistics

Table 2. Mean, standard deviation, minimum, maximum, mode, and median.

Indicator	N	Mean	Std. Deviation	Minimum	Maximum
Reasonable price	410	4.15	0.91	1	5
Benefits	410	3.53	1.15	1	5
Privileges	410	3.60	1.15	1	5
Recommendations to others	410	4.23	1.00	1	5
Previously recommended	410	3.63	1.30	1	5
Reviews on social networks	410	3.88	1.16	1	5

The descriptive statistics provide an overview of respondents' evaluations of perceptions towards loyalty program benefits, privileges, and word-of-mouth-related behaviours. The indicator "Recommendations to others" shows the highest mean value with $M = 4.23$ and $SD = 1.00$, indicating that tourists display a strong willingness to recommend the hotel to others, reflecting high levels of advocacy behaviour. This is followed by the indicator "Reasonable price" with $M = 4.15$ and $SD = 0.91$, suggesting that most respondents perceive hotel prices as fair and consistent with the value received.

Moderate mean values are observed for indicator "Reviews on social networks" with $M = 3.88$ and $SD = 1.16$, and the indicator "Previously recommended" with $M = 3.63$ and $SD = 1.30$, implying that although many tourists engage in online or prior recommendations, the intensity of such behaviours varies across respondents. The variables "Benefits" and "Privileges" recorded comparatively lower means, indicating that perceived loyalty-program advantages and exclusive privileges are evaluated less favourably than price fairness or recommendation behaviours.

Overall, the relatively high mean scores combined with standard deviations close to the mean, suggest generally positive perceptions with a moderate degree of variability across respondents. These results imply that recommendation intention and perceived price fairness are key strengths of the hotels studied, while loyalty-program benefits and privileges may require further enhancement to more strongly influence tourist behaviour.

Correlation Analysis

Table 3. Fisher's z transformation (N=410)

Variable	With Variable	R	Fisher's z	Corr. Bias	R (adjusted)	95% CI	Rho ₀	p
Loyalty Programs	Reasonable price	0.50054	0.55003	0.00155	0.49938	0.374–0.607	0	< .0001
Loyalty Programs	Benefits	0.56771	0.64414	0.00176	0.56652	0.452–0.663	0	< .0001
Loyalty Programs	Privileges	0.72594	0.92008	0.00225	0.72487	0.642–0.791	0	< .0001
Loyalty Programs	Recommendations to others	0.53477	0.59680	0.00166	0.53358	0.413–0.635	0	< .0001
Loyalty Programs	Previously recommended	0.64741	0.77082	0.00201	0.64624	0.546–0.728	0	< .0001
Loyalty Programs	Reviews on social networks	0.57299	0.65197	0.00178	0.57180	0.458–0.667	0	< .0001

The correlation analysis examines the relationship between participation in loyalty programs and key outcome variables related to customer perceptions and word-of-mouth behaviour. All correlation coefficients are positive and statistically significant at $p < .001$, indicating that loyalty program participation is consistently associated with more favourable customer evaluations and stronger recommendation-related behaviours.

A moderate positive correlation was found between loyalty programs and the perception of reasonable prices with $r = 0.50$, meaning that tourists who join loyalty programs are more likely to view hotel prices as fair. Stronger correlations were also identified between loyalty programs and perceived benefits and privileges, showing that members feel they receive more value and special treatment.

In terms of behaviour, loyalty programs are moderately to strongly associated with recommending hotels to others, having recommended them previously, and writing reviews on social networks. This indicates that participants in loyalty programs are more likely to share positive opinions and promote hotels through word of mouth. Overall, the findings show that loyalty programs are strongly connected with higher perceived value and greater word-of-mouth activity. This suggests that loyalty programs help strengthen relationships between customers and hotels and encourage recommendation behaviour, which supports competitiveness in the hospitality sector.

Analysis of Variance (ANOVA)

H1: Customer satisfaction mediates the relationship between loyalty program participation and tourists' recommendation intentions.

H0: Customer satisfaction does not mediate the relationship between loyalty program participation and tourists' recommendation intentions.

Table 4. ANOVA Results on the Effect of Loyalty Program Usage on tourists' recommendation intentions

Loyalty Program Level		Adjusted Mean (LSMEAN)	
Level 1 – Never use loyalty programs		3.17	
Level 2 – Very rarely use loyalty programs		2.67	
Level 3 – Sometimes use loyalty programs		2.99	
Level 4 – Often use loyalty programs		4.01	
Level 5 – Always use loyalty programs		4.59	
Test	DF	F-value	p-value
Classical ANOVA	4, 405	115.06	< .0001
Welch ANOVA	4, 63.40	122.87	< .0001

The ANOVA results indicate that loyalty program usage levels have a statistically significant effect on tourists' recommendation intentions. Both the classical ANOVA test and the Welch ANOVA test confirm that the differences across groups are highly significant. The convergence of both test results strengthens the robustness of the finding.

The adjusted means LSMEANS, show a clear positive impact in recommendation intentions along with increased use of loyalty programs. Tourists who never use loyalty programs report the lowest recommendation intention with LSMEAN = 3.17, while those who always use loyalty programs report the highest with LSMEAN = 4.59. Intermediate categories follow a progressive pattern, indicating that higher engagement in loyalty programs is associated with stronger intention to recommend hotels to others.

This hypothesis states that participation in loyalty programs influences tourists' intention to recommend hotels to others, and the results of this study confirm hypothesis H1. In summary, the ANOVA results indicate that the level of loyalty program use is an important factor in shaping tourists' recommendation intentions. These findings also provide a strong foundation for carrying out further mediation analysis.

H2: Participation in hotel loyalty programs has a positive and significant effect on tourists' word-of-mouth communication.

H0: Participation in hotel loyalty programs has no significant effect on tourists' word-of-mouth communication.

Table 4. ANOVA Results on the Effect of Loyalty Program Usage on tourists' word-of-mouth communication

Loyalty Program Level	Adjusted Mean (Number of Recommendations)		Group
Very low	2.50		A
Low	2.50		A
Medium	3.08		B
High	4.07		C
Very high	4.66		D
Test	DF	F-value	p-value
Classical ANOVA	4, 405	126.00	< .0001

The ANOVA results demonstrate that participation in hotel loyalty programs has a significant effect on tourists' word-of-mouth communication. The classical ANOVA indicates a statistically significant difference among the five levels of loyalty program usage, confirming that word-of-mouth varies systematically according to the extent of loyalty program engagement. This result provides strong empirical evidence against the null hypothesis H0 and supports Hypothesis H2.

Tourists with very low or low engagement in loyalty programs report the lowest levels of word-of-mouth communication with LSMEAN = 2.50 for both groups. Word-of-mouth increases at the medium level of participation with LSMEAN = 3.08, rises further at the high level with LSMEAN = 4.07, and reaches its maximum among tourists with very high loyalty program participation with LSMEAN = 4.66.

These findings suggest that loyalty programs do more than simply retain customers, they actively encourage them to share positive experiences and recommend hotels to others. Higher engagement in loyalty programs likely enhances perceived benefits, recognition, and emotional attachment, which, in turn, stimulate favourable communication about the hotel.

CONCLUSIONS

This study examined the effects of hotel loyalty program participation on tourists' word-of-mouth communication and recommendation intentions in the Albanian coastal destinations. The empirical results provide strong evidence that loyalty program engagement significantly

shapes tourists' post-purchase behaviours. Both correlation and ANOVA analyses indicate that higher levels of loyalty program participation are associated with stronger intention to recommend hotels to others and greater involvement in word-of-mouth communication. These findings confirm that loyalty programs function not only as retention mechanisms but also as catalysts for customer advocacy.

On the other hand, tourists with very low or no participation in loyalty programs reported the lowest levels of recommendation and word-of-mouth activity, whereas those with high or very high participation demonstrated the highest levels. This pattern empirically supports the theoretical proposition that loyalty program incentives increase perceived value, relational commitment, and perceived recognition, thereby stimulating recommendation behaviour. The results further suggest that tourists do not merely respond to financial rewards but also to emotional benefits and exclusive privileges associated with membership.

The results also support the idea that customer satisfaction plays a mediating role. Taking part in loyalty programs increases customers' satisfaction, and this higher satisfaction then strengthens both their intention to recommend and their word-of-mouth behaviour. Therefore, loyalty programs influence communication outcomes in two ways: directly and through satisfaction. This shows that customer satisfaction is an important psychological link that helps turn loyalty program participation into active recommendation and advocacy behaviour.

From a managerial perspective, these findings imply that well-designed loyalty programs represent a strategic tool for strengthening competitive advantage. Hotels should focus on programs that emphasize not only discounts, but also experiential benefits such as personalized services, recognition, and status privileges. Such programs are likely to foster stronger relationships and generate voluntary promotional behaviour through customer recommendations, that nowadays is an especially powerful form of marketing in tourism.

This study adds to existing research on loyalty programs in developing tourism markets by providing real data from Albania, which is a fast-growing Mediterranean destination. The study also has some limitations, because the data come only from three coastal cities and certain hotel types. Future studies should use longitudinal data, include more regions, and examine additional mediating factors such as trust and perceived value.

Based on the findings of this study, hotel managers are strongly encouraged to design loyalty programs that go beyond simple transactional rewards. Loyalty schemes should integrate tiered membership structures, personalized offers, and recognition mechanisms that make customers feel valued and emotionally connected to the brand. Digital platforms and mobile applications can further enhance program accessibility and interaction, enabling hotels to

communicate benefits clearly and to monitor customer engagement in real time. Such strategic program design can significantly strengthen both customer satisfaction and advocacy behaviour.

In addition, hotel managers and tourism policymakers in Albania should view loyalty programs as long-term relationship-building tools rather than short-term promotional instruments. Continuous evaluation of program effectiveness, customer feedback integration, and staff training in loyalty program communication are essential for maximizing program impact. By aligning loyalty initiatives with service quality improvement and customer experience strategies, hotels can foster sustainable customer relationships, enhance destination competitiveness, and stimulate positive word-of-mouth communication at both national and international levels.

Overall, the results show that well-designed and well-managed loyalty programs are very important in encouraging customer loyalty, satisfaction, recommendation intentions, and word-of-mouth communication. As competition in tourism increases, using loyalty programs as tools for building strong customer relationships will be essential for hotels that aim for sustainable growth and long-term competitive advantage.

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