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## HOTEL ATTRIBUTES ON CUSTOMERS PURCHASING DECISION IN THE BUDGET HOTEL SECTOR: KLANG VALLEY

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### Abstract:

Nowadays, online reviews are playing an important role as a source of information for customers before they purchase the hotel room. The needs and wants of the customers can be fulfilled by the hotel operators by exploring the significant hotel attributes towards budget hotel rooms. Hence, the researcher, distributed the questionnaires to young adults in Klang Valley to answer some questions pertaining to the hotel attributes of online reviews. From this study, the researcher can determine the significant hotel attributes among young adults that contribute to their budget hotel purchasing decision. These attributes include price, location, and room facilities.

### Keywords:

Hotel Attributes, Purchasing Decision, Budget Hotel, Business Traveller

### Introduction

As the Internet and e-commerce industry continues to rapidly grow, online product reviews generated by users have become a key source of information for consumers to make purchasing decisions (Dellarocas, 2003; Lin, Fang & Tu, 2010; Chen & Li, 2010). Online product reviews, which are a form of electronic word-of-mouths (e-WOMs), include blog posts, consumer forums and comments (Bickart & Schindler, 2001; Ha, 2002; Henning-Thurau et al., 2004; Brown, Broderick & Lee, 2007; Grimes, 2012; Willemsen, Neihems & Bronner, 2013). Considering its significant influence in consumer decision-making, e-WOMs have been easily accepted by online users worldwide (Mihaela, 2015).

While in the hotel industry, booking sites have provided means to reassure consumers browsing for good hotels and to convince them that they are making the right choice in their selection; through presenting review scores to customers. Review scores are an honest representation by consumers to reassure other consumers that they are indeed making the right choice. Multiple researchers have also suggested reviews as a factor influencing customer loyalty as well as an important component of decision-making processes (Bickart & Schindler, 2001; Ha, 2002; Gruen, Osmonbekov & Czaplewski, 2006; Pan, Maclaurin & Crotts, 2007; Grimes, 2012).

However, it is imperative to understand how review scores and other possible attributes could influence a consumer's decision to choose one hotel over the other multiple choices of hotels (Koiva, 2016). In order to understand the factors affecting a consumer's decision-making process, the researcher will focus on identifying the specific attributes that influence young adults to choose budget hotels in Klang Valley for business purposes. To date, there is very limited research regarding hotel attributes in influencing business travelers' purchasing decision through Online Travel Agent (OTA) such as TripAdvisor.

Hence, there is a need to further explore the significant hotel attributes that ultimately lead to customers' purchasing decisions. Thus, the main objectives of this research are to determine the significant hotel attributes among business travellers towards budget hotel purchasing decision, and to verify the relationship between hotel attributes towards customers purchasing decision.

### **Scope of Study**

This study focuses on the significant hotel attributes influencing customers' purchasing decision on budget hotels around Klang Valley, Malaysia. The hotel attributes include price, location, cleanliness, room facilities and services, whereas the sample of the study consists of young adults with ages ranging from 18 to 40 years old who had chosen budget hotels as the preferred accommodation for their business purposes. Furthermore, these young adults were selected as the sample of the study because this group represents a very diverse and wide target market for hotels as they are considered as active travelers and reflect the main contributors of the tourism industry every year (World Tourism Organisation, 2011).

### **Literature Review**

#### ***Word-Of-Mouth (WOM)***

Over the past decade, word-of-mouth (WOM) is one of the most influential channels of communications in the marketplace (T. Allsop, R. Bassett & A. Haskins, 2007). Bone (1992, pg. 579) defines WOM as an exchange of comments, thoughts, and ideas among two or more individuals in which none of the individuals represent a marketing source. WOM can influence decisions either positively (Engel, Kegerris & Blackwell, 1969; Richins, 1983) or negatively (Tybout, Calder & Sternthal, 1981; Bolting, 1989). Without any doubt, WOM played an important role in the information of consumer opinions and become an even more powerful force.

#### ***Electronic Word-Of-Mouth (eWOM)***

As the world has become more connected using technology and the Internet, there has been a shift from WOM to electronic word-of-mouth (eWOM). Henning-Thurau, Gwinner, Walsh and Gremler (2004, pg. 39) defines online review as "*any positive or negative statement made by potential, actual, or former consumers about a product or a company, which is made available to a large group of people and institutions via the Internet*". In 2010, Mudambi and Schuff

define online review as a peer-generated product evaluation that aids consumers' purchase decision while Ogut and Cezar (2014) said that online reviews in the cyber world is a form of word-of-mouth.

### ***Online Review***

Over the years, consumers' trust has shifted away from product advertisements and expert opinions moving more towards online peer reviews (Lee, Park & Han, 2008). Online reviews are mostly written from a user's perspective as it is becoming more heavily relied on by customers when making a purchasing decision (Ba & Pavlou, 2002; Lackermair, Kailer & Kanmaz, 2013). On top of that, being written from a fellow user's perspective, online reviews are generally easier to understand (Hegner & Beldad, 2018). When a consumer is curious about a certain product, they can simply look for the online review on a review website and read about another users' experience with the product. As compared to online reviews found in the web, it may be difficult to find individuals in real-time surroundings who has had experience with the product. Lastly, with the advance of the Internet, it is easier to access online reviews from anywhere, and the review will be constantly accessible as once a message is posted, it will not disappear from the web easily (Lee, 2009).

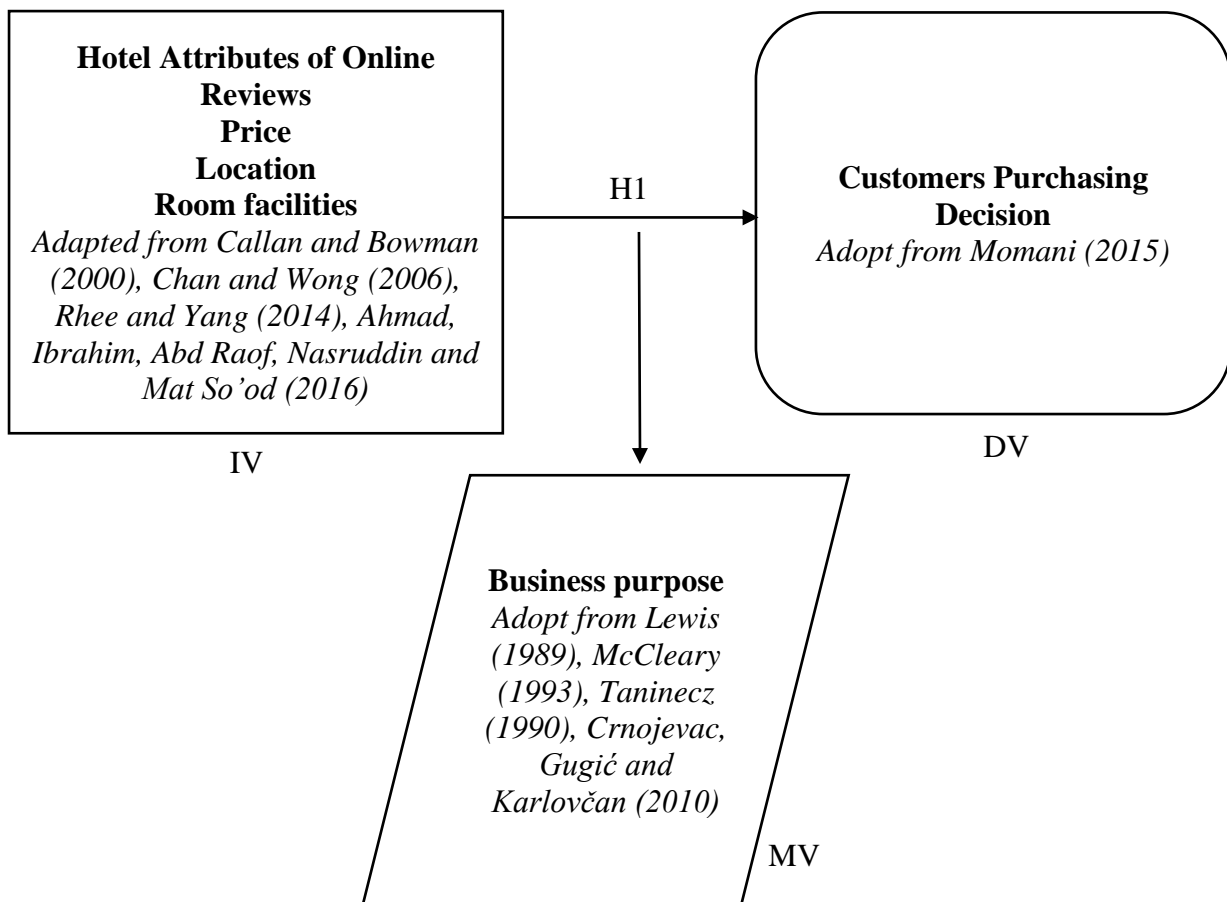
### ***Hotel Attributes***

Nowadays, without a doubt, hotel attributes are important determinants in selecting a hotel room. Customers will consider various factors when they make a purchasing decision on their preferred budget hotel. Several hotel attributes as listed by various past studies include location, service, reputation, staff, price, room cleanliness, value for money, security facilities and room size (Knutson, 1988; Dube & Renaghan, 2000; Dolnicar & T. Otter, 2003; Tsai, Yeung, & Yim, 2011). Dolnicar & Otter (2003), for example, had examined 21 past studies conducted between the years 1984 and 2000, and categorized important hotel attributes comprising of service, value, room, hotel facilities, image, food and beverage quality, and security. Among the hotel attributes, the researcher had replicated some attributes found in the TripAdvisor website and adopted a few from Callan and Bowman (2000), Chan and Wong (2006), Rhee and Yang (2014), Ahmad, Ibrahim, Abd Raof, Nasruddin and Mat So'od (2016). Hence, this research will focus on price, location, cleanliness, room, facilities and services as the significant hotel attributes influencing customers' purchasing decision on budget hotels.

### ***Customers Purchasing Decision***

During the decision-making process, customers seek multiple information sources such as the reviews of other customers to help them evaluate alternatives and choose from among them (Chaves, Gomes & Pedron, 2012). Shergill and Chen (2005) observed the traditional framework for the analysis of the buyer decision process as a model consisting of five steps. According to the model by Kotler (2003), the initial reaction of a consumer is being in a state of felt deprivation (problem recognition), which will progress to seeking out information on problem solutions. The information found will provide a basis for evaluation of alternatives. This will progress into comparison of the alternatives based on the evaluation criteria which will then lead to the actual decision to make a purchase. Finally, after the purchase has been made, consumers will exhibit post-purchase behavior critically in the marketing perspective, as it shapes consumers' perception of satisfaction or dissatisfaction with the product or service.

## Conceptual Framework



**Figure 1: Conceptual Framework**

## Research Method

The method used to collect all data required for the study is the quantitative data approach, as this approach is the best applicable method to be used. Evidently, this approach is the most suitable to be applied in studies with samples of larger scales and to present findings as numerical evidence. Quantitative research involving large scale samples generates statistics using methods such as questionnaires or structured interviews (Mukesh, Salim & Ramayah, p.72).

The researcher distributed structured questionnaires to 84 young adults aged from 18 to 40 years old who chose budget hotels for business purposes among the choices of budget hotels available in Klang Valley. Upon completion the questionnaire which consisted of four sections, the researcher retrieved and collected all the data from the respondents and keyed in the information into the IBM Statistical Package of Social Science Software (IBM SPSS) for a more comprehensive data analysis.

## Result and Discussion

Based on the results of the descriptive analysis, the researcher was able to determine the significant hotel attributes that influence business travelers' purchasing decision on budget hotels in Klang Valley. The table below shows the ranking of hotel attributes among business travelers:

**Table 1: Business Traveller Preference of Hotel Attributes**

<b>Hotel attributes</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Likert Scale</b>
Price	3.7857	0.588	Very important
Location	3.8405	0.647	Important
Room facilities	3.8571	0.809	Moderately important
Service	3.8690	0.776	Slightly important
Cleanliness	3.9190	0.876	Not important

Table 1 illustrates the descriptive analysis for business travelers in their purchasing decision on city budget hotels in Klang Valley. The average mean score and standard deviation (SD) range from the lowest, which is price (mean = 3.786, SD = 0.588), followed by location (mean = 3.841, SD = 0.647), room facilities (mean = 3.857, SD = 0.809), service (mean = 3.869, SD = 0.776) and cleanliness (mean = 3.910, SD = 0.876) as the highest mean score among business travelers. The average mean score for all the hotel attributes of online reviews are above 3.50, which comes to show that all the average mean score is high.

Therefore, Table 1 indicates price as the most influential hotel attribute among the respondents who had chosen city budget hotels in Klang Valley for business purposes. The second attribute that was chosen among the respondents was location while room facilities came in as the third influential hotel attribute. The last two hotel attributes are service and cleanliness, which were selected as slightly important and not important respectively by the respondents.

In conclusion, the researcher could say that business travelers among young adults are driven to purchase a budget hotel room by three main attributes which are price, location and room facilities. This finding is supported by Rhee and Yang (2015), who emphasized on price as the most significant hotel attribute even though the backgrounds of the respondents of this research and previous research are not the same. However, it can be argued that the findings may lead to different interpretations if the respondents' backgrounds are to be clearly specified.

Moreover, location is the second hotel attribute which was considered as moderately important among business traveler in their purchasing decision. Previous research from Lewis (1984) also found that compared to leisure travelers, business travelers are more concerned about the hotel location. This can be supported by Kim (2013) that found location as one of the top three hotel attributes among business travelers.

Room facilities encompass clean and comfortable bathroom, basic amenities such as soap and shampoo, air-conditioning and ventilation, safety and security and convenient facilities such as WiFi. This is parallel with the study by Rauch, Collins, Nale and Barr (2015) that indicated those facilities are perceived as absolute necessities. Moreover, the findings of this study are in line with the literatures which was supported by a current study (Kim, Li, Han & Kim, 2017). Kim et al. (2017) highlighted that with the ever-demanding needs of savvy hotel guests, exploring which products, amenities and services have emerged as important attributes to hotel guests.

Besides that, multiple linear regression was also used to test if the hotel attributes are significant in influencing business travelers' purchasing decision. A Pearson correlation coefficient in Table 2 below was computed to assess the relationship between the hotel attributes of online reviews as independent variable, consisting of price, location, cleanliness, room facilities and service and customers purchasing decision as dependent variable.

**Table 2: A Pearson Correlation Coefficient**

		<b>Customers Purchasing Decision</b>
<b>Price</b>	Pearson Correlation	.319**
	Sig. (2-tailed)	.000
	N	389
<b>Location</b>	Pearson Correlation	.241**
	Sig. (2-tailed)	.000
	N	389
<b>Cleanliness</b>	Pearson Correlation	.279**
	Sig. (2-tailed)	.000
	N	389
<b>Room facilities</b>	Pearson Correlation	.216**
	Sig. (2-tailed)	.000
	N	389
<b>Service</b>	Pearson Correlation	.253**
	Sig. (2-tailed)	.000
	N	389
<b>DV</b>	Pearson Correlation	1
	Sig. (2-tailed)	
	N	389

It was found that there was a positive correlation between price (IV) and customers purchasing decision (DV),  $r = 0.319$ ,  $p < 0.0001$ . Apart from that, the results of the Pearson correlation coefficient also indicated that there was a significant positive association between location (IV) and customers purchasing decision (DV),  $r = 0.241$ ,  $p < 0.0001$ . While cleanliness (IV) and customers purchasing decision (DV) also has a correlation of  $r = 0.279$  ( $p < 0.0001$ ), room facilities (IV) and customers purchasing decision (DV) also was found to be statistically significant,  $r = 0.216$  ( $p < 0.0001$ ).

Based on Table 2, by following the interpretation suggested by Cohen and Cohen (1983), the correlation coefficients between all constructs were considered as having a small and medium correlation. Out of the five attributes of online reviews, one correlation shows coefficients value of  $r = \pm 0.30$  to  $\pm 0.49$ , whereas four correlations show coefficients value  $r = \pm 0.10$  to  $\pm 0.29$ . All the correlation coefficients result of constructs were significant at 0.01 levels.

Therefore, through criterion validity postulated that the existence of significant relationships among constructs and the result of Pearson correlation coefficient, one of the objectives of this study which is to verify the relationship between hotel attributes towards customers purchasing decision have been met.

### **Conclusion**

This study was aimed to determine the significant hotel attributes among business travellers towards budget hotel purchasing decision and to verify the relationship between hotel attributes towards customers purchasing decision. Based on the quantitative analysis that has been used throughout the study, both of the objectives have been met. Besides that, the research revealed there is a relationship between hotel attributes and business travellers purchasing decisions towards city budget hotels. However, the researcher feels that this study is not sufficient in terms of size to be able to claim generalizability. The attributes will most likely vary depending

on different market groups and purpose of stay. Furthermore, findings suggest that hotels should be more proactive in their response towards young adult travelers in accordance with the selection attributes. In fact, hotel operators should prioritize this young adult's group as they are active in travelling which can lead to a boost of revenue and an increase of customer loyalty. Hence, this study is expected to provide hoteliers a clear insight in fulfilling the needs for young adult travelers, improve the service quality of the budget hotel sector, as well as enhance hotels' brand image, reputation and competitive advantage.

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