Service Factors Which Influencetherepeat of Customer's Inupper-Tier "Budgets" Hotel in Bangkok

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Abstract: *Budget Hotel becoming more popular among businessman and travellers in Thailand. The objective of this study is to determine the services factors that influences the repreat of customer staying in Budget Hotel in bangkok.Questionnaire was used as a survey tool to collected information from both thais and foreigners who stayed at budgets hotel in Bangkok. The findings contribute to the perceived of the service factors which significantly influencedthe return ofcustomersto the budgets hotel.*
Keywords: *Service factors, Upper-Tier, Budgets Hotel, Customer Satisfaction, Bangkok, Thailand*

I. Introduction

Background of the Problem

Today competition among hotel business is become more and more competitive, deferent types of hotel has been introduced into the market, Budget Hotel is one of the most popular type of hotel which fulfill the 'need' rather than 'want' this type of hotel was first brought into the hotel market 30 years ago. Previously budget hotel or economy hotel commonly available and known as Guest House or Motel but today the Budget Hotel becoming more popular among businessman and travellers leads to more investors expands their hotel business in the type of Budget Hotel which have good designed and good management standard. (SukanyaSinteerasak, 2009). The uniqueness of Upper Tier 'Budget' Hotel character is known as economy hotel with low price charges, average is250-2,000 Baht per night, low construction and investment cost, fast return on investment, reduce complexity ofFront & Back – of – house, required less common area, only basic facilities and equipment are available in room, restaurant is more like cafeteria-style, overall building is designed with modern look and cleanness is highly concerned for this type of hotel (Carmouche, 1989).

Budget Hotel is expanding along the growing of Budget Airline (Jansakaorat, 2009). The previous study show that occupancy rate of customer stay in the Budget Hotel price below 1,500 baht per night increasing by 50 percent compared to the past year while booking rate of Budget Hotel price above 2,000 baht per night found 25 percent dropped (Jansakaorat,2009). At the same time, direction of Budget Hotels in Pacific Region is in the upward trend which reflects the growing opportunity of this type of Hotel Business (Mannion, 2010). For Budget Hotel business, the 'cut price' competition is not the key success factor today, what more important is 'services quality', many case study shown that 'low services quality' resulted in business failed. Now a day, many business operators focused on the strategy of how to maintain existing customers than how to targeting new customers (Kongsompong, 2008).

Currently, Budget Hotel in Thailand is in early stage of expansion, the market is not too competitive and also it is the seller market not the buyer market at the present. The study of customer satisfaction in services quality of Budget Hotel would benefit the hotel operators in improving or maintaining good services quality and continue growing opportunity. The reserch objective is to determine the services factors that influences the repreat of customer staying in Budget Hotel in bangkok. This study will identify the factors which impact customers decision in repeat use of services. The hotel operators can consider this inflenced factors when developeing new services policy or employ in satff training program for Upper Tier 'Budget' Hotel. The scope of this study is focus only on services factors which impact the repeat of customer staying in Budget hotel in Bangkok. The size of Budget hotel for this study is 'Upper-Tier' average cost per night stay at 500 – 2,000 Bath. Ibis and All Seasons Hotels in Bangkok branches were selected for this study. The sampling group was selected from experience customers who stayed in this two hotel.

II. Literature Review

The review of previous citations related to the factors which impact consumer decision in repeat use of service shows several comprehensive literatures. Budget Hotel first found in England in1980 (Roper &Carmouche, 1989, pp.25 – 31). This type of hotel is operated with the management principle that focuses on minimizing investment cost which includes construction cost, marketing cost, operation cost. Also the aim is to achieve fast return on investment (Pannell Kerr & Foster Associates, 1993). Budget Hotel is a 2 to 3 stars hotel or for international chain hotel with 3 stars also known as budget hotel. In Thailand, Budget Hotel generally cost 500-1,500 baht per night while International chin hotel mostly cost 2,000-3,000 baht (BusinessWeek, 2009,

p.71). Pervious study found Budget Hotel has three different categories as show in Table 1.1. in this research the Budget Hotel is focus only on the chain hotel which operated in Thailand hence, the hotel category for this study is called Upper-Tier 'Budget" Hotel (Angela Roper & Rita Carmouche, 1989, pp. 26)

Table2.1 Different Categories of Budget Hotels

New-System "Budget" Hotels	Traditional "Budget" Hotels	Upper-Tier "Budget" Hotels
Price below 30 Pound (Mostly lower than 25 Pound)	Price Average 40 Pound	Price above 30 Pound
No discount	Discount available	Discount available
Less service area	Service areaavailable such as meeting roomand banquet room.	Service areaavailable such as meeting room, banquet room and leisurearea.
Less Common Area	Common Area Available	Less Common Area
Simply Front & Back – of - house	There is generalFront but Back-of-housedepend on unit size	Reduce Front&Back–of–house
Mostly lessthan 40 bedrooms	There are several sizes butless 50 bedrooms	Mostly more than 100 bedrooms
New Built and Construction	Renovated from old building or added F&B. In some case can be a new built building.	New Built and Construction
No specify target group for promotion	Promotion base on specific group such as business or food services	Specify target group for promotion
Services are limited and not flexible	Products and services are flexible	Products and services are flexible

Source: Angela Roper & Rita Carmouche, (1989).

Hotel management should understand that today only customer satisfaction is not enough but the services should meet their most satisfaction, a small increase in level of satisfaction can upgrade the customer to become royalty (SuzanaMarkovic, S. R., KlaudioSegaric, 2010). Positive worth of mount increases hotel credibility (John & Chen, 2001). Not only services quality that make customer satisfaction, Hotel image also another important factor that leads to the success in hotel business (Kandampully, 2000).

Service Quality

This study considered the factors that impact the decision of stay or re-stay in Budget Hotel among group of traveller the factor includes; cleanliness, location, price, security, environment, service quality and chain brand (Chu, 2000). SERVQUAL(Service Quality) MODEL of Parasuraman (1985) is introduced in this study. The model reflects the feedback of customer after buying or receiving the services. There are five aspects of service quality this includes; 1) Tangibles 2) Reliability 3) Responsiveness 4) Assurance 5) Empathy. The more competitive the market the more important for hotel operators to change from satisfied customer to become a royalty customer (McMullan and Gilmore 2008). Hence, Loyalty factors are also significant to this research

Loyalty

At present, the loyalty of customer to the services business is no unity there is no standardized measurement. Commonly several past researchers applied this 3 factors; 1) behavioral 2) Attitudinal 3) Cognitive (Jones and Taylor 2007). These factors can be grouped together with the factors of psychological theory which identified the interpersonal relationship.

Table2.2 Factors of psychological theory which identified the interpersonal relationship

Factor	Royalty to Service	Interpersonal relationship factors
Behavioral	Repurchase Intention	Relationship Persistence
	Switching Intention	Divorce Intentions
	Exclusive Intention	Monogamy
Attitudinal	Relative Attitude	Positive Illusions
	Willingness to Recommend	Advocacy
	Altruism	Accommodating Behavior
Cognitive	Willingness to Pay More	Willingness to Sacrifice
	Exclusive Consideration	Emotional Fidelity
	Identification	Cognitive Interdependence

Source: Jones and Taylor, (2007)

Figure2.1 The Relationship betweenService Quality andLoyalty
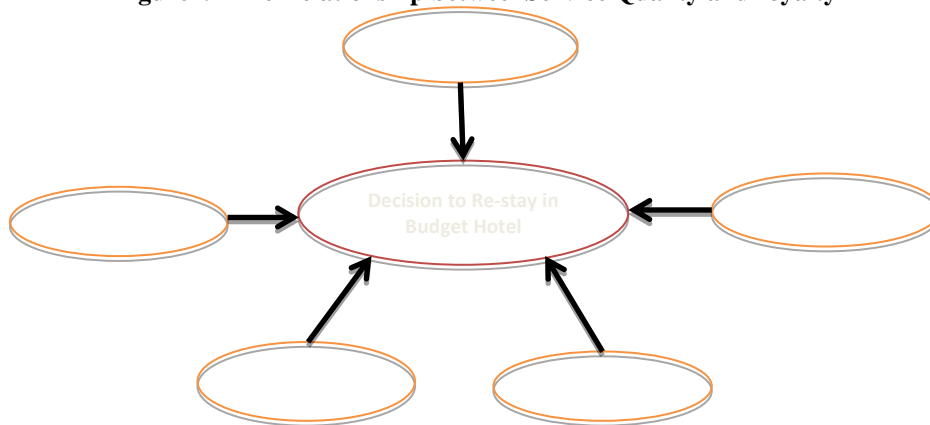
III. Methodology

Questionnaire was used as a survey tool for quantitative method to gather information from respondents both thais and foreigners who stayed at Ibis and All seasons total 6 branches. The data collected from both purposive sampling and convenience sampling, 180 respondents were selected as sample size for this study. A questionnaire was designed based on the review of previous literatures and the conceptual model. The survey divided into 4 main sections; section 1 presenting 8 questions collecting basic information of staying at Upper tier 'Budget' Hotel. Section 2 and 3 comprised of 30 questions regarding the customer satisfaction in using service of hotel and the customer loyalty in using service of hotel. Section 4 contains 7 questions on the demographic information of the respondents. This research collected data from both secondary and primary data, Descriptive statistic were used to analyze background information of respondents. Cronbach's alpha was used to test the reliability of the survey. The data collected from 180 respondents regarding factors which impact their decision in re-stay or repeat use of services at the hotel will be analyze by using factor analysis and multi regression method. Factor analysis is a data reduction technique which summarizes a large set of variables and groups variables by level of important. Multiple regressions was used to test the factors that influence customer decision of re-stay at the hotel.

IV. Results

Descriptive Statistics

The survey was gathered from 180 samples 90 samples were collected from Ibis hotel and another 90 from All Seasons hotel. Majority of respondents were male (52.8%), age between 21-40 years accounted for 85.6%. Most of them have had bachelor's degree (73.9%). 52.8% were foreigners and 75.6% were single. For occupation 58.9% presented for private firm employees and 45.6% received income at $2,000. The majority of respondents from Upper-tier Budget Hotel customers spent $50-$60 per night, the length of stay was 2 nights presented at 43.3%. The purpose of stay was 56.7% for travel and most of them stay alone (32.8%). 43.3% of respondents make chose the hotel by themselves and 69.4% make a booking through internet. 75.6% recognized the hotel from online media

Factor Analysis

Factor analysis is used to identify the important of variables and group new set of variables to each factor. Factor analysis was used to specify the important factors and group new variable for each factor. The factor was selected with a minimum loading of 0.5. The factors were used as new variables for multiple regression analysis. There were a total of 8 factors after the analysis as shows in table 4.1

Table 4.1 Summary of Factors Analysis

Factor No.	Factor Name	Variables
Factor 1	Safety and Services Assurance	1. Confident in security during stay (AS4) 2. Confident in skill and capability of staffs in providing services (AS5) 3. Trusted in staffs (AS1) 4. Problems and complaints can be well handle (AS2)
Factor 2	Tangibles	1. Convenient Location (TG1) 2. Modern lobby area (TG2) 3. Good facility and well maintenance (TG3) 4. well designed with equipment and furniture (TG4)
Factor 3	Communication and Information Services	1. Prepare staff 24 hours assistance (EP3) 2. Staff able to communicates multi language (AS3) 3. Hotel serves as promised on advertisement (RL4) 4. Maintain good reputation and hotel image (RL5) 5. High technology service such as high speed internet, LCD monitor etc. (TG10)
Factor 4	Reliability	1. Prompt Check-In/Out Services (RL1) 2. Booking via internet is accurate (RL2) 3. Skills and knowledge staffs (RL3)
Factor 5	Responsiveness	1. Fast response to customers (RP1) 2. Staffs have strong service mind (RP2) 3. Sufficient number of staffs (RP3) 4. Staffs are friendly (RP4)
Factor 6	Assurance	1. Staff concern and response to all customers requested (EP1) 2. Staff able to serve customer properly (EP2) 3. Staff understand the different requirements of customer (EP4)
Factor 7	Tangible (2)	1. Clean rooms (TG5) 2. Clean restroom (TG6) 3. Restroom utilities available such as soap, toothpaste and towel (TG7)
Factor 8	Common Services Area	1. Clean restaurant (TG8) 2. Free internet (TG9)

Regression Analysis

Multiple regression analysis was used in this study to find the service factors which influence the decision of customers to re-stay at Upper-tier Budget Hotel in Bangkok. The new factors were applied in this analysis by stepwise method to identify most accurate results that explain the relationship between independent and dependent variables. However, the finding shows factors which have impact on decision of re-stay at Upper-tier Budget Hotel in Bangkok are Tangibles, Safety and Services Assurance, Assurance, Responsiveness, Tangibles (2).

V. Conclusion

The result reveals that Budget Hotel in Thailand is in the growing stage and increase in demand among travelers and investors. The survey collected from customers who stayed at Ibis, All seasons and Tune Hotels. The multiple regressions analysis found two most influences factors which influence the royalty of customer are factor called 'Assurance' which included customer feel safe in the hotel, knowledge of staff, trusted from customers, complaints and problems are well handled and factor called 'Tangibles' which includes convenient location, modern lobby area, well decorated hotel and well designed with equipment and furniture. The study is benefit both customers and hotel developers of 'Upper Tier' Budget hotel, customers will received better service quality since the hotels have better understanding of what are the expectation of customers to become royalty. Moreover, hotel developers can improve the hotel policy and management team more efficiently by focusing on most important factors which leads to satisfaction of customers. Also the result can be applied when planning or developing new upper tier budget hotel. This study is limited to 'Upper Tier' level of Budget Hotel and the survey collected only from customers who stayed in Ibis Hotel and All Seasons Hotel in Bangkok. Furfure study can focus more on another level of Budget Hotel also, in different city or different country.

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