



Factors Affecting the Customers Selection of Hotels: A Comparative Study of Luxury and Budget Hotels of Udaipur

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Abstract

Due to strong growth of hospitality industry and hotel sector specifically in recent years there is an increased need from management and industry professionals in order to understand how select hotels to stay in guest and what are decision making factors that prevail, so the objective of this paper is to study the factors affecting the customers' selection of hotels. The data has been collected with the help of semi structured questionnaire and it has been concluded there is a significant difference in the hotel and room facilities demanded by the luxury and budget class hotel customers whereas no significant difference found in the other factors.

Keywords: Luxury Hotel, Budget Hotel, Hotel Selection, Udaipur

1) Luxury Hotels: Targeting the affluent segment of society, hotels in the up-market category offer world class products with personalized service of highest standards. The emphasis is on excellence and class. These hotels provide upscale restaurants and lounge, exquisite decor, concierge services, opulent rooms and abundant amenities. The design and interior decoration of the hotel itself reflects the standards maintained by the hotel. The guest rooms are large with exquisite decoration and furnishing.

Generally, a valet is assigned to each guest room. These hotels have many specialty restaurants with full-assisted services. Top-end recreational facilities, such as golf course, tennis court, designer swimming pool with trained lifeguard, and other sports facilities, shopping arcades, beauty salons, health spas with sauna and Jacuzzi, are a regular feature. These hotels are generally patronized by affluent people who care for quality and include business executives, celebrities, and high –ranking political figures. The Oberoi Udaivilas, Udaipur and ITC Hotel grand Maratha Sheraton & Towers, Mumbai are few luxury hotels in India.

2) BudgetHotels: It focus on meetings the most basic needs of guest providing clean, comfortable and inexpensive rooms. Also known as economy or limited services hotels, they appeal primarily to budget – minded travelers and groups. The clientele of budget hotels may also include families with children, bus tour groups of people travelling together. These hotels have clean, comfortable guest rooms, coffee shop, and a multi cuisine restaurant, in room telephone, and channeled music and movies.

Introduction:

A hotel is an institution or a building in which lodging, meals and other services are provided for the travelling public. It is a business enterprise having a building for public accommodation, that furnishes lodging and usually provides meals, beverages and personal services' It often offers, depending on its category, entertainment, and rooms for meetings, banquets and shops of various kinds, lounges, lobbies, cafes, bars and restaurants. However the primary function of a hotel is to accommodate those away from home and to supply them with their basic needs.

Competition is continuously getting stronger in the domain of marketing and this serve as a drive for managers to pay more attention to what they offer to the end users. Consumers are unceasingly growing in their consumption knowledge and have developed so much that in addition to demanding quality in the goods produced they equally think about the various stages of production before consumption.

Therefore, to be able to capture and maintain customers, it is of great significance for companies to build loyalty and trust, which includes delivering the needs and expectations of customers. In other words, there is a need to build strong grounds for customer satisfaction. Keeping this in view the major objective of this research to identify the factors affecting the customers' selection of luxury and budget hotels

Literature Review:

Kim, E. L., & Tanford, S. (2020) highlighted that “the traditional purpose of a discount promotion is to attract customers to the business; this research suggested that a hotel website exclusive price discount can induce consumers’ additional spending. Principles of mental accounting and two thinking styles (analytic vs. holistic) predict different effects of a price discount and the add-on product type by individual thinking styles. A quasi-experiment investigated the effect of an unexpected discount, relatedness of add-on item to a hotel stay, and individual thinking styles on add-on purchasing. The mediating role of impulse buying was subsequently examined using the PROCESS model. The effect of a price discount and the relatedness of add-on item are significant for analytic thinkers, whereas holistic thinkers report higher likelihood to purchase add-on items regardless of relatedness. Holistic thinkers’ likelihood to purchase is enhanced through an impulse buying tendency. The findings provided further evidence for the role of individual differences in response to pricing tactics by suggesting that a price promotion increases add-on purchases for analytic thinkers, whereas promoting a sense of impulsiveness can be more effective for holistic thinkers.”

Göral, R. (2020) determined “the factors which affect the selection of the hotel by consumers traveling for vacations can improve their satisfaction by providing better quality services. The main purpose of this study was to define the factors which affect the selection of hotels by consumers traveling for vacation and to prioritize these factors from the customers’ viewpoint. Another purpose of this study was to analyze whether these factors vary by gender. In this context, a comprehensive literature research has been done in order to define the factors for selection of hotels. The method of analysis for carried out for this study is the Analytical Hierarchy Process (AHP) method, and the data for analysis has been gathered by survey method. The survey has been conducted on a panel of instructors employed at S.U. Beyşehir Ali Akkanat Campus who travel for vacation at least once a year. Research findings showed that prioritizing the factors which affect the selection of hotels can vary by gender. However, putting the role of gender aside, factors which affect consumers the most for their travels for vacation are Safety and Security, Pleasure, Room Facilities; whereas factors which affect the consumers the least are Informing, Parking Lots and Network Services.”

Gupta, V. (2019) concluded that “social media plays an important role in affecting the way consumers search, decide and book hotels. It also suggested that social media helps consumers in collecting information about products and services, assessing alternatives and making their choices. It confirmed that while negative facets exist, the positive benefits outweigh the negative aspects of using social media when selecting a hotel. The results also revealed the impact of circumstantial influence related to social media on hotel selection, on the basis of content source and the level of trust and accuracy in the content.”

Kim, J. J., Lee, Y., & Han, H. (2019) explored “the hotel selection attributes among local guests in the competitive hotel industry in Korea and to test the role of these explored attributes in building behavioral intentions. A total of seven dimensions, which involved 17 intangible and 16 tangible attributes,

were identified. The findings indicated that intangible attributes are relatively more important but offer less satisfaction, whereas tangible attributes provide a higher level of satisfaction than perceived importance. Moreover, the importance-performance analysis grid visually depicted the importance and satisfaction ratings of each attribute demonstrating its strengths and weaknesses. All intangible attributes were significantly associated with intentions.”

Soulidou, A. K. et. al. (2018) indicated that “Selection of hotel is of high priority and significance for tourists and entails a complicated decision-making process. The paper aimed at identifying the most significant hotel selection factors taken into account by Greek customers. An empirical research study was conducted using an online survey. Ten factors identified by literature review included in the investigation. The findings indicated that Cleanliness is the most important factor in the selection of accommodation, followed by Price and Staff. Considering the priorities of tourists, hotel managers may design more effectively their segmentation, targeting and positioning strategy to ensure that their offerings match the needs and wants of their guests.”

Objective:

The purpose of this research paper is to study the factors affecting the customers’ selection of luxury and budget class hotels of Udaipur.

Hypothesis:

H₀: There is no significant difference in factors affecting the customers’ selection of luxury and budget class hotels

H₁: There is a significant difference in factors affecting the customers’ selection of luxury and budget class hotels.

Research Methodology

(a) Research Design: - To have a better understanding about the issue descriptive research design was used. To get the primary data close ended questionnaire was administered.

(b) Sample Design: -350 respondents were selected through stratified purposive sampling. In a sample 188 customers were from luxury hotels and 162 customers were from budget hotels.

(c) Analysis: - The data collected was analyzed with the help of Arithmetic mean and t-test.

Analysis & Interpretations

To access the factors affecting the customers’ selection of hotels they were asked to rate various facilities offered by hotels on 5-point scale starting from 1 (Not at All Important) to 5 (Extremely Important). The facilities were clubbed under four factors named Hotel facilities, Room facilities, Safety and Security and staff service quality. Table 1 is representing the factors affecting the customers’ selection of luxury hotels. It can be seen from the data that for 94.70% guest’s staff service quality is extremely important whereas for

76.10% respondents safety and security is the prime area of focus. More than 60% respondents said that they give extreme importance to hotel facilities (N=114, Percentage=60.60) and room facilities (N=128, Percentage=68.10). As per mean score hotel facilities are considered moderately important by the respondents whereas all other facilities are extremely important.

Table 1: Factors Affecting Customers' Selection of Luxury Hotels

Facilities	Hotel facilities		Room facilities		Safety and Security		Staff Service Quality	
Level of Importance	N	Percentage	N	Percentage	N	Percentage	N	Percentage
Not at All Important	0	0.0	0	0.0	0	0.0	0	0.0
Slightly Important	0	0.0	0	0.0	0	0.0	0	0.0
Somewhat Important	34	18.1	7	3.7	15	8.0	3	1.6
Moderately Important	40	21.3	53	28.2	30	16.0	7	3.7
Extremely Important	114	60.6	128	68.1	143	76.1	178	94.7
Total	188	100	188	100	188	100	188	100
Mean Score	90.09		87.47		53.2		37.79	
Level of Importance	Moderately Important		Extremely Important		Extremely Important		Extremely Important	

Similarly the budget hotel customers were also asked to rate the facilities affecting their hotel selection on five point scale and results are presented in table 2. It is evident from the data that for 56.80% respondents hotel facilities were extremely important, 63.60% respondents have considered the room facilities extremely important, for 79.60% respondents safety and security was extremely important and according to 84% respondents staff service quality plays extremely important role for selection of hotel.

Table 2: Factors Affecting Customers' Selection of Budget Hotels

Facilities	Hotel facilities		Room facilities		Safety and Security		Staff Service Quality	
Level of Importance	N	Percentage	N	Percentage	N	Percentage	N	Percentage
Not at All Important	0	0.0	0	0.0	0	0.0	0	0.0
Slightly Important	11	6.8	0	0.0	4	2.5	0	0.0
Somewhat Important	28	17.3	18	11.1	7	4.3	8	4.9
Moderately Important	31	19.1	41	25.3	22	13.6	18	11.1
Extremely Important	92	56.8	103	63.6	129	79.6	136	84.0
Total	162	100	162	100	162	100	162	100
Mean Score	86.51		85.09		53.77		37.1	
Level of Importance	Moderately Important		Extremely Important		Extremely Important		Extremely Important	

To measure the significant difference in the customers' selection of luxury and budget hotels following hypothesis has been taken

H₀: There is no significant difference in factors affecting the customers' selection of luxury and budget class hotels

H₁: There is a significant difference in factors affecting the customers' selection of luxury and budget class hotels

To test the significant difference in factors affecting the customers' selection of luxury and budget class hotels t-test was used and results received are presented in table 3.

Table 3: t-Test Results to Measure significant difference in factors affecting the customers' selection of luxury and budget class hotels

Factor	Type of Hotel	Mean	S.D.	t-values	P-value	Result
Hotel Facilities	Luxury	90.09	12.49	2.333	0.020	Significant
	Budget	86.51	16.21			
Room Facilities	Luxury	87.47	8.96	2.286	0.023	Significant
	Budget	85.09	10.52			
Safety and Security	Luxury	53.20	5.98	0.757	0.449	Not Significant
	Budget	53.77	7.91			
Staff Service Quality	Luxury	37.79	3.01	1.923	0.255	Not Significant
	Budget	37.10	3.62			

Level of Significance = 5%

At 5% level of significance it can be seen that for hotel and room facilities significant difference exists in the opinion of luxury and budget class hotel customers. In both the cases the mean scores of luxury hotel customers are greater than the budget class customers, which mean the luxury hotel customers give more importance to hotel and room facilities as compared to budget hotel customers. For rest two factors i.e. safety and security and staff service quality no significant difference exists in the opinion of luxury and budget class customers. It means for this two factors are considered equally important by the luxury and budget class hotel customers.

Conclusion:

From this research it has been concluded the for while selecting the hotel room facilities, safety and security and staff service quality are extremely important for the customers, whereas hotel facilities play moderately important role in selection of hotel.

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