

An exploratory study of the selection of a hotel, a multiattribute approach

Cátia N. M. Ferreira
School of Tourism and Maritime Technology, Polytechnic Institute of Leiria
Peniche, Portugal
E-mail: cmalheiros@ipleiria.pt

And

Pedro E. L. Salazar
Business management and sociology department, Extremadura University
Badajoz, Spain
E-mail: pelopez@unex.es

ABSTRACT

This research, although exploratory, attempts to identify the attributes most valued by customers when choosing a hotel as well as management implications associated with each attribute, in order to help identify the strategic variables in the process of selecting a hotel. We have identified three kinds of factors: directly controllable (quality of service, human resources performance, quality certifications and ratings, communication policy and price), indirectly controllable (word-of-mouth, value for money, and satisfaction) and uncontrollable (previous experiences, purpose of travel and location). The strategic areas identified were quality management, human resources management, revenue management and marketing strategy.

Key Words: hotel selection, attributes, implications in management.

INTRODUCTION

How do consumers select a hotel? What are the most valued aspects for them before purchasing a lodging service? Is it, for example, the price, the quality of its service, word-of-mouth, or all these factors together? The answers to these questions would allow hoteliers to target their efforts on what really matters to their customers. The management of hotel services is particularly complex, by its own service characteristics (Kotler et al, 1996), because they imply a high involvement by consumers (Williams, 2002) and because competition in this sector is developed on a global scale.

The structure of the study will consist of three parts. The first one briefly explains the purchasing process of a lodging service, the second focuses on the determinant attributes when choosing a hotel and the last one, establishes the consequences of managing them.

1. The purchasing process of a lodging service

The study of consumer purchasing process is essential to help companies adapt their strategies to the needs and preferences of their customers and potential customers. Several authors have highlighted this issue as Verma et al (2002) that studied a tool to identify the attributes that have greater influence on consumer choice. They report that focusing on the product or service on the consumer, allows managers increase the net gain from the strategic applied plan. Companies should, in fact, develop strategies, tools and procedures to better understand these needs and understand what are the mechanisms inherent in consumer behaviour that may influence the selection of products or services (Solomon, 2008).

In the literature, there are several models and diagrams that explain the stages of purchase decision (Kotler et al, 1996; Williams, 2002). However, Williams (2002) presents one that specifically explains the case of hotel services, adapted from Teare (1998:78). The scheme highlights the importance of such step that consists in seeking information about particular service depending on the degree of involvement. Indeed, Williams (2002) relates the degree of involvement in purchasing decisions with risk, generating four different processes. Based on this classification, he determined that the selection of hospitality services is always a high involvement decision, whether in a habit purchase (brand loyalty), or in a more complex and time consuming decision process. It is also clear from this analysis that brand loyalty reduces the involvement and information search.

ISBN: 978-960-287-139-3

The purchase decision process that implies a strong involvement requires an intensive search for specific information about the alternatives, especially about the attributes of the service (Hawkins et al, 1998).

2. Determinant attributes in choosing a hotel

One of the determinant (using Lewis terminology) factors in selecting a hotel that was evident in the literature review was quality of service. According to Parasuraman et al (1985) Service Quality comprises the tangible aspects but also the reliability, responsiveness, competence, courtesy, credibility, security, access, communication service and understanding/knowing the consumer.

In this context the more tangible aspects are crucial, for example, cleaning and maintenance of equipment and structures, the comfort of the rooms, looked after the appearance of employees, the interior and exterior decoration, the variety of services (Knutson, 1988; Atkinson 1988; Wilensky and Buttle, 1988; Ananth et al, 1992; Mcclary et al, 1993; Chu and Choi, 2001; Callan and Bowman, 2000; Saleh and Ryan, 1992; Weaver and Oh, 1993; Yavas and Babakus, 2005; Dolnicar, 2002; Dubé and Renaghan, 1999).

It should be noted that the aspects related to human resources are included in all the service quality dimensions, which leads to the conclusion that hoteliers should take this into consideration when planning their human resources and when promoting their services (Enz and Sigaw, 2000; Harrington and Akehurst, 1996; Briggs et al, 2008; Cho et al, 2006; Tsaour and Lin, 2004; Hartline and Jones, 1996).

Since the objective of this study focuses on selection, the quality measurement is made a priori (regarding to the first purchase), since that hospitality consumers want to ensure a certain quality of hotel service before their stay. The ratings of the stars classification represent one of the ways to assign a level of quality hotel service and may influence the assessment of quality (Dolnicar, 2002). However, the classification systems are, in most cases, based on tangible aspects easy to measure and not based on meeting customer needs and expectations, which is mentioned by Fernández and Bedia (2004). Similarly, Callan (1995) points out that the star rating is not the most widely used to assess the quality of hotel services, as other instruments are used as guides or rankings in travel magazines.

The quality certifications are another aspect related to quality that reveals an important impact on the performance of hotel companies, indeed, Nicolau and Sellers (2010) found that quality certifications have a positive effect in the market especially among the hotel chains that had implemented the ISO's 9000. These certifications help consumers evaluate the quality of a particular hotel unit at the time of their choice.

The external communication of the hotels with the public is crucial. In fact, the message, the form and the channels used to transmit shown to have a strong influence in the purchasing process of hospitality consumers. Many authors studied the positive influence of advertising in the process of selecting a hotel service, is the case of Mcclary et al (1993), Clow et al (1995). In addition to advertising, sales promotion was another aspect that has proven to be important when choosing a hotel through the programs for frequent customers (Mcclary et al, 1993) or the existence of special discounts (Ananth et al, 1992; Wilensky and Buttle, 1988).

In a study in Scotland concerning the quality of hotel services, Briggs et al (2008) concludes that the existence of reliable and relevant information is a determining factor for increasingly informed and demanding consumers when purchasing. However, despite the importance of formal sources of information, the literature revealed that consumers seek more informal sources to purchase tourism and hotel services (Kotler et al, 1996; Litvin et al, 2008). Callan and Bowman (2000), Weaver and Oh (1993) and Clow et al (1995) mentioned also the question of reputation as being an important factor in the decision to purchase a hotel service. Reputation is influenced in part by the image that the hotel brand conveys and by the informal transmission of opinions among consumers (Clow et al, 1995).

East et al (2008) define word-of-mouth as an informal advice passed among consumers that is usually interactive, fast and non-commercial and with a powerful influence on their behavior. In the same study, and like Soderlund and Rosengren (2007), the authors found that word-of-mouth influences the choice of brands and positive word-of-mouth is more likely to influence the purchase in a positive way than negative word-of-mouth influences in a negative way. The particular choice of accommodation can be influenced by a conversation with a friend or an exchange of views in a blog. In this context the service quality and guest satisfaction are critical because they will foster a positive word-of-mouth and also increase repeated guests (Atkinson, 1988).

As referred by Noone and Mattila (2009) and Litvin, et al (2008), the Internet has changed the way of gathering information and, an example of this change, is the importance that blogs have in the process of

selecting a hotel service. In fact, the speed of exchange of opinions on any product or service increases the challenge for hoteliers, who are increasingly looking to satisfy their guests. In this context there are websites in this field that provide information about hotels and opinions of people who have experienced the services. The Tripadvisor site is one of the most commonly used worldwide to evaluate the quality of the hotel before the stay, in fact, it “is the largest online community of travelers, with more than 40 million monthly visitors, 20 million members and more than 45 million reviews and opinions on tourism services, operating in over 27 countries worldwide” (tripadvisor.com, 2011). With the development of technologies associated with Web 2.0, there have been more forums where consumers can exchange their considerations and in addition to these tools, e-mail and social forums also allow this rapid share (Vásquez, 2011).

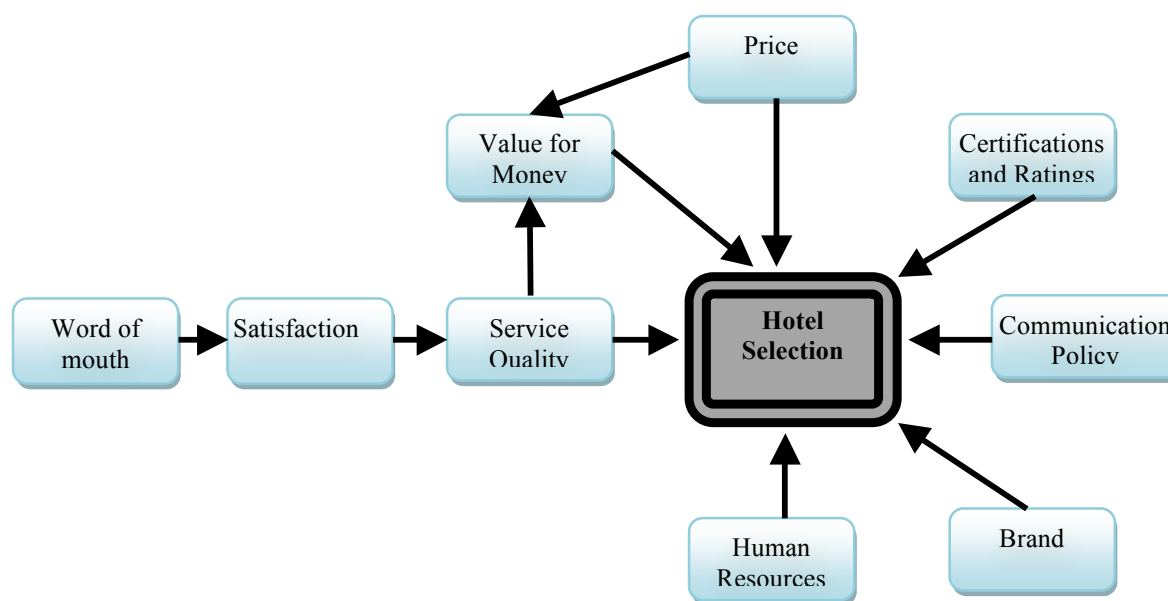
Although the brand is part of the communication policy, it was considered that its weight justify a separate analysis. The brand enables the transmission of information, feelings, images that will allow consumers to distinguish two similar hotel services and make the option more consistent with their needs (Kotler et al, 1996). The brand and reputation of a hotel have a positive effect on consumer behavior at the time of the selection of a hotel (Dubé and Renaghan, 1999; Kwun and Oh, 2007; Wilensky and Buttle, 1988; Clow et al, 1995).

Regarding the selection process, price has a different role depending on the category of the hotel (Dolnicar, 2002). The experience may also influence the perception of price thus is for this reason that customers often know what to expect for each price level (Knutson, 1988).

In literature review many other authors mentioned the importance of price in the hotels selection process (Barsky and Labagh, 1992; Ananth et al, 1992; Yavas and Babakus, 2005), however, even more determinant than the price, turned out to be the value for money (Atkinson, 1988; Wilensky and Buttle, 1988; Ananth et al, 1992; Callan and Bowman, 2000; Chu and Choi, 2001; Dubé and Renaghan, 1999).

Figure 1

Multiattribute model of hotel selection



So far, it has been mentioned aspects that can be managed directly or indirectly by hoteliers. However, it is also important to make mention of factors that influence the selection of the hotels but that cannot be controlled by the hotel companies; it is the case of the past experience. Clow et al (1995), for example, verified the influence of past experiences in assessing the safety, reputation, trust, service quality and also in assessing the employees behavior.

The motive of the trip is also a very important aspect in the hotel selection process. In this field the two major groups in the hospitality industry are the leisure and business travelers. Yavas e Babakus (2005)

verified that the expectations of leisure guests and business guests should be managed differently and the studies must be done separately, as the importance given to attributes considered when choosing a hotel is not the same.

The location of a hotel is, according to several studies, one of the first attributes analyzed to choose the accommodation, both for leisure segment (Dubé and Renhagan, 2000; Knutson, 1988; Atkinson, 1988; Barsky and Labagh, 1992), and business segment (McCleary et al, 1993). The location of a hotel influences indirectly the amount of customers and the ability to attract foreign consumers (Chou et al, 2008). Although the location is not an attribute that hotel companies are likely to modify, it is relevant to understand whether this represents an important element when choosing for the various market segments and depending on the benefit sought.

It is now interesting to relate the different variables presented with the hospitality management implications. Verma et al (2002: 15) also developed a study to better understand consumers' choices in hotel services and underline the fact that it is the key to the success of hotel management. The authors note that:

“We know that hospitality customers usually make purchases by simultaneously evaluating several criteria. A typical buying decision might take into account service quality, delivery speed, price, and any especial buying incentives, for instances. It is imperative that businesses take into account customer preferences and choice when making decisions regarding product and service attributes. Managers need to understand how customers integrate, value, and trade off different product and service attributes. By the same token, information about customer demands and preferences must be incorporated into the design and day-to-day management of service-delivery processes.”

The aim of the next section deals with the analysis of the implications that these determinant attributes have in the hotels management.

3. Management implications

According to Verma et al (2002), the marketing strategy should include several aspects such as identifying the best package of products and services and the market segments, measuring brand equity, developing action plans, assessing the current and future value of the company's offer, identifying key attributes that will lead to consumer preferences in the market and its various segments, evaluating the success of marketing campaigns for each group, and enabling companies to focus on a set of most determinant attributes instead of creating new ones. These authors also mention that this information should be linked to operational decisions, as “budgets, work schedules, planning special activities, services offered”.

In addition to these aspects it is also central for hotel companies to construct a brand and measure its impact, in fact, Kim and Kim (2005) found that brand equity (brand awareness, brand loyalty, perceived quality and brand image) had a positive effect on the performance of hotel companies.

Also as part of marketing strategy, it becomes crucial for hotel companies to develop skills in managing the information available on the Internet (Wong and Law, 2005) and in using Web 2.0 tools (e-mail, blogs, social networks like facebook), in order to be able to follow the needs, demands and consumer feedback in real time.

Related to marketing strategy it seems to be also crucial for the hospitality industry to develop competences in Customer Relationship Management (CRM) (Sigala, 2005:391), in order to be closer to customers and better identify their needs and preferences. The author underlined that CRM is necessary in a global market where consumers are becoming “*less brand-loyal, more price-sensitive and more sophisticated*”.

The reason given for the importance of an efficient Human Resource Management (HRM) is often justified by the fact that there is generally a great interaction between clients and employees during the delivered service and that guest satisfaction depends in large part of it. The results of changes in HRM have demonstrated a positive relationship with the hotel's performance (Haynes and Fryer, 2000).

A company may be the best to manage financial and material resources but if hoteliers are unable to recruit, select, train, motivate, reward, and promote their human resources, they can never achieve an excellent service to their customers. In a study in the United States on best practices in hospitality, the majority of the most successful companies focused on HRM (Enz and Sigauw, 2000).

The Quality Management turned out to be important, not only, to reduce the costs of non-quality (Claver et al, 2006; Tari et al, 2010), but also to allow consumers to assess the quality of hotel service before the

experiment using quality certifications. The certifications provide a competitive advantage to these hotel units that are subjected to an evaluation by an external company seeking to be impartial and disinterested (Nicolau and Sellers, 2010). The key standards for the certification of quality are defined in ISO 9001:2008 and 14001:2004. The last is related to environmental practices that are increasingly important to consumers in general. These standards have the advantage of being recognized internationally and allow other certifications by external entities.

On the other hand the hotel companies should be able to identify the discrepancies between the expectations of their customers and their experience, using, for example, the Gap's model (Parasuraman et al, 1985) and tools such as SERVQUAL. This methodology is important to assess the expected quality level and the level of quality achieved through the dimensions of performance as evidenced above.

As for the price, which is a variable directly related to the financial performance of companies, we can point out some implications regarding its management (Revenue Management). Heo and Lee (2011) reported that hoteliers need to manage their prices differently depending on the brand or type of ownership of the unit. They stressed, for example, the case of luxury hotels that can further explore the management of prices because their customers are more loyal to the brand, thereby increasing their revenues (mainly the management of prices depending on demand). Instead, cheaper hotels should be more cautious because their customers, generally, are more sensitive to price changes that could be considered unfair.

The revenue management uses a wide range of factors such as percentage of no-show, season, length of stay, advance booking, the percentage of walk-ins, policy of overbooking, cancellation policy, among others in order to obtain the best occupancy rates and to apply the best rates (Bardi, 2003).

So hotels should develop skills in the field of revenue management in order to maximize their profits but should take into account the different characteristics of consumers and their price sensitivity (Heo and Lee, 2011).

The way prices are shown, is also very important and the Internet also has changed the way to communicate them. In a research developed by Noone and Mattila (2009), it is evident that the best rate (Best Available Rate) presentation on the Internet hotel site had distinct effects on the desire to book a hotel stay.

CONCLUSION

As it was mentioned, the hotel selection process is quite complex, since the consumers analyse many attributes. However it is crucial for the hotel manager to increase their knowledge in this field because they can better respond to the consumer's needs, and therefore, better promote their hotels. This literature review will be empirically applied in hotels with four and five stars, in Portugal. The future aim of this study relates to the construction of a tool that allows managers to define their position, implement corrective measures to improve profitability, increase market share, identify opportunities and still retain customers (Lewis, 1984).

REFERENCES

- Ananth, M., Demicco, F., Moreo, P. J., & Howey, R. M. (1992). Marketplace lodging needs of mature travelers. *Cornell Hotel and Restaurant Administration Quarterly*, 33: 12-24.
- Atkinson, A. (1988). Answering the eternal question: what does the customer want?. *Cornell Hotel and Restaurant Administration Quarterly*, 29: 12-14.
- Bardi, J. A. (2003). *Hotel Front Office Management* (3rd ed.). New Jersey: John Wiley & Sons, Inc.
- Barsky, J. D. & Labagh, R. (1992). A strategy for customer satisfaction. *Cornell Hotel and Restaurant Administration Quarterly*, 33, 32-40.
- Briggs, S., Sutherland, J. & Drummond, S. (2008). Are hotels serving quality? An exploratory study of service quality in the Scottish hotel sector. *Tourism Management*, 29, 429-438.
- Callan, R. J. (1995). Hotel classification and grading schemes, a paradigm of utilization and user characteristics. *International Journal of Hospitality Management*, 14 (3-4), 271-283.
- Callan, R. J. & Bowman, L. (2000). Selecting a hotel and determining salient quality attributes: a preliminary study of mature British travelers. *International Journal of Tourism Research*, 2, 97-118.
- Cho, S., Woods, R. H., Jang, S & Erdem, M. (2006). Measuring the impact of HRM practices on hospitality firms performances. *International Journal of Hospitality Management*, 25 (2), 262-277.
- Chou, T. Y, Hsu, C & Chen (2008). A fuzzy multi-criteria decision model for international tourist hotels location selection. *International Journal of Hospitality Management*, 27, 293-301.

- Chu, R. K.S. & Choi, T. (2001). Determinants of hotel guest' satisfaction and repeat patronage in the Hong Kong hotel industry. *Hospitality Management*, 20, 277-297.
- Claver, E., Tari, J.J. & Pereira, J. (2006). Does quality impact on hotel performance? *International Journal of Contemporary Hospitality Management* 18 (4), 350-358.
- Clow, K. E., Garretson, J. A. & Kurtz, D. L. (1995). An Exploratory Study into the Purchase Decision Process Used by Leisure Travelers in Hotel Selection. *Journal of Hospitality Marketing and Management*, 2 (4), 53-72.
- Dolnicar, S. (2002). Business Traveller's Hotel Expectations and Disappointments: A Different Perspective to Hotel Attribute Importance Investigation. *Asia Pacific Journal of Tourism Research*, 7, 29-35.
- Dubé, L. & Renaghan, L. M. (1999). How hotel attributes deliver the promised benefits. *Cornell Hotel and Restaurant Administration Quarterly*, October edition, 89-95.
- East, R., Hammond, K. & Lomax, W. (2008). Measuring the impact of positive and negative word of mouth on brand purchase probability. *International Journal of Research in Marketing*, 24, 215-224.
- Enz, C. A. & Siguaw, J. A. (2000). Best Practices in Human Resources . *Cornell Hotel and Restaurant Administration Quarterly*. February edition, 48-61.
- Fernández, M. C. & Bedia, A. M. S. (2004). Is the hotel classification system a good indicator of hotel quality?. *Tourism Management*, 25, 771-775.
- Harrington, D. & Akehurst, G. (1996). Service quality and business performance in the UK hotel industry. *International Journal of Hospitality Management*, 15 (3), 283-298.
- Hartline, M. D. & Jones, K. C. (1996). Employee performance cues in a hotel service environment: influence on perceived service quality, value and word-of-mouth. *Journal of Business Research*, 35, 207-215.
- Hawkins, D. I., Best, R. J. & Coney, K. A. (1998). *Consumer behavior, building marketing strategy* (7th ed.). Boston: McGraw Hill.
- Haynes, P. & Fryer, G. (2000). Human resources, service quality and performance: a case study. *International Journal of Contemporary Hospitality Management*, 12 (4), 240 - 248.
- Heo, C. Y. & Lee, S. (2011). Influences of consumer characteristics on fairness perceptions of revenue management pricing in the hotel industry. *International Journal of Hospitality Management*, 30, 243-251.
- Kim, H. B. & Kim, W. G. (2005). The relationship between brand equity and firms' performance in luxury hotels and chain restaurants. *Tourism Management*, 26, 549-560.
- Knutson, B. J. (1988). Frequent travelers: making them happy and bringing them back. *Cornell Hotel and Restaurant Administration Quarterly*, 29, 82-87.
- Kotler, P., Bowen, J. and Makens, J. (1996). *Marketing for hospitality and tourism* (2nd ed.). New Jersey: Prentice Hall.
- Kwun, D. J & Oh, H. (2007). Consumers' evaluation of brand portfolios. *International Journal of Hospitality Management*, 26, 81-97.
- Lewis, R. C. (1984). The basis of hotel selection (Part III). *Cornell Hotel and Restaurant Administration Quarterly*, 25, 54-69.
- Litvin, S. W, Goldsmith, R. E. & Pan, B. (2008). Electronic word-of-mouth in hospitality and tourism management. *Tourism Management*, 29, 458-468.
- Mccleary, K. W., Weaver, P. A. & Hutchinson, J. C. (1993). Hotel selection factors as they related to business travel situations. *Cornell Hotel and Restaurant Administration Quarterly*, 32, 42-48.
- Nicolau, J. L. & Sellers, R. (2010). The quality of quality awards: Diminishing information asymmetries in a hotel chain. *Journal of Business Research*, 63, 832-839.
- Noone, B. M. & Mattila, A. S. (2009). Hotel revenue management and the Internet: The effect of price presentation strategies on customers' willingness to book. *International Journal of Hospitality Management*, 28, 272-279.
- Parasuraman, A, Zeithaml, V. A. & Berry, L. L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. *The Journal of Marketing*, 49 (4), 41-50.
- Saleh, F. & Ryan, C. (1992). Client perceptions of hotels, a multi-attribute approach. *Tourism Management*, June, 163-168.
- Sigala, M. (2005). Integrating customer relationship management in hotel operations: managerial and operational implications. *International Journal of Hospitality Management* 24, 391-413.
- Soderlund, M. & Rosengren, S. (2007). Receiving word-of-mouth from the service customer: An emotion-based effectiveness assessment. *Journal of Retailing and Consumer Services*, 14, 123-136.
- Solomon, M. R. (2008). *O comportamento do consumidor, comprando, possuindo e sendo* (7th ed.). Porto Alegre: Bookman.
- Tari, J. J., Claver, C., E., Pereira, M., J. & Molina, A., J. F. (2010). Levels of quality and environmental management in the hotel industry: Their joint influence on firm performance. *International Journal of Hospitality Management*, 29, 500-510.

- Teare, R. E. (1998). *Interpreting and responding to customer needs*. *Journal of Workplace Learning*, 10 (2): 76-94.
- Tripadvisor.com. (2011). http://www.tripadvisor.com/pages/about_us.html. [Accessed the 12th of July 2011, 11:35]
- Tsaur, S. & Lin Y. (2004). Promoting service quality in tourist hotels: the role of HRM practices and service behavior. *Tourism Management*, 25, 471-481.
- Vásquez, C. (2011). Complaints online: The case of TripAdvisor. *Journal of Pragmatics*, 43, 1707-1717.
- Verma, R., Plaschka, G. & Louviere J. (2002). Understanding customer choice: a key to successful management of hospitality services. *The Cornell Hotel and Restaurant Administration Quarterly*, 43, 15-24.
- Weaver, P. A. & Oh, H. C. (1993). Do American business travellers have different hotel service requirements? *International Journal of Contemporary Hospitality Management*, 5 (3), 16-21.
- Wilensky, L. & Buttle, F. (1988). A multivariate analysis of hotel benefit bundles and choice trade-offs. *International Journal of Hospitality Management*, 7, 29-41.
- Williams, A (2002). *Understanding the hospitality consumer*. Woburn, MA: Butterworth-Heinemann.
- Wong, J. & Law, R. (2005). Analysing the intention to purchase on hotel websites: a study of travellers to Hong Kong. *International Journal of Hospitality Management*, 24, 311-329.
- Yavas, U. & Babakus, E. (2005). Dimensions of hotel choice criteria: congruence between business and leisure travelers. *International Journal of Hospitality Management*, 24, 359-367.