ABSTRACT

Abstract of thesis entitled 'Travelers' Beliefs of Importance and Perceptions of Hotel Attributes in the Hong Kong Hotel Industry - A Multivariate Approach' submitted by Chu Kai Sin, Raymond for the degree of Master of Philosophy at The Hong Kong Polytechnic University in February 1998.

The Hong Kong hotel industry, which attempts to satisfy travelers' needs and wants, is regarded as highly competitive. To remain competitive, hoteliers have to understand: 1) how important hotel services and facilities are to travelers when they select hotels; and 2) how Hong Kong hotel services and facilities can satisfy travelers' needs. This study identifies the relative importance of hotel attributes to international travelers, and travelers' perceptions regarding the quality of these attributes in a hotel stay. A questionnaire in three languages (Chinese, English and Japanese) was developed to survey a target sample of 402 international travelers who departed from the Hong Kong International Airport in August 1996 (a nine-day period).

Both descriptive and inferential statistics analyses were used in this study. For descriptive statistics analyses, mean ratings were used to rate the perceived importance of hotel attributes in hotel choice and hotel stay, respectively. Importance-Performance Analysis was used to categorize travelers' beliefs concerning the importance of hotel attributes in relation to hotel choice selection, and travelers' perceptions of the actual

performance of hotels during their hotel stay. Inferential statistics analyses were adopted to identify the underlying dimensions of perceptions of hotel attributes (factor analysis), the differences in perceptions of hotel factors between business and leisure travelers, and between Asian and Western travelers (independent sample t-tests), and the determinant hotel factors that contributed to travelers' overall satisfaction level with their hotel stay and their likelihood of returning to a particular hotel on subsequent trips (multiple regression analysis).

The overall results indicated that both the travelers' beliefs concerning the importance of, and their perceptions of, hotel attributes were related to 1). room qualities; 2). staff attitudes and behavior; and 3). convenience of hotel location.

The Importance-Performance Analysis revealed that 20 of the 33 attributes (66%) fell into the 'Keep Up The Good Work' quadrant, suggesting that hotels in Hong Kong are doing a satisfactory job in the provision of services and facilities to travelers. Only one item, or hotel attribute, Q31 (hotel food & beverage value for money), fell in the 'Concentrate Here' Quadrant. The results suggest that hoteliers should pay attention to the pricing of the hotel food and beverages.

The Factor Analysis identified seven dimensions, or hotel factors, relating to the perceived quality of services and facilities in the Hong Kong hotel industry. The seven

dimensions (hotel factors) are: 1). Staff Service Quality; 2). Room Quality; 3). General Amenities; 4). Business Services; 5). Value; 6). Security; and 7). IDD Facilities.

Using an Independent Sample t-Test, this study found that there existed significant differences, in relation to perceptions of hotel factors, between business and leisure travelers, and between Asian travelers and their Western counterparts. Based on the results of the Multiple Regression Analysis, the 'Staff Service Quality' factor appeared to be the most significant factor in influencing travelers' overall satisfaction levels and their likelihood of returning to hotels in Hong Kong.

The results of this study indicate that hotel managers in Hong Kong should pay more attention to their customers' desires, enhance customer satisfaction and develop brand loyalty. Recommendations are also made for future studies, particularly those concerned with investigating the lodging choice needs of various types of travelers, and segmenting travelers' perceptions of services and facilities offered by hotels in different categories.

Travelers' Beliefs of Importance and Perceptions of Hotel Attributes in the Hong Kong Hotel Industry - A Multivariate Approach

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CHAPTER ONE - INTRODUCTION

1.1. BACKGROUND TO THE STUDY

Hong Kong's hotel industry is regarded as highly competitive, with many hotels attempting to satisfy customers' needs and wants. In order to remain competitive, hoteliers must be able to understand: 1) which hotel services and facilities are considered as important by travelers when they choose a hotel; and 2) how well Hong Kong hotel services and facilities satisfy the travelers' needs.

The services and facilities offered by a hotel, or hotel attributes, are those features of products or services that lead to consumers to choose one product over the others (Lewis, 1983). Alpert (1971) mentions that those attributes which directly influence customers' choices are termed determinant attributes: they may arouse consumers' purchase intention and differentiate from competitors' offerings. Applying to the hospitality sector, Wuest *et al* (1996) define perceptions of hotel attributes as being the degree to which travelers find various services and facilities important in promoting customers' satisfaction for staying in a hotel. An extensive review of literature for the hospitality industry suggests that attributes such as cleanliness, location, room rate, security, service quality, and reputation of the hotel have been considered by most travelers in hotel choice decision (Ananth *et al*, 1992; Aktinson, 1988; Barsky & Labagh, 1992; Cadotte & Turgeon, 1988; Knutson, 1988; LeBlanc &

Nguyen, 1996; Lewis, 1984 1985; Marshall, 1993; McCleary *et al*, 1993; Rivers *et al*, 1991; Wilensky & Buttle, 1988). It is strategically essential for hoteliers to understand and to identify the facility or service attributes that are perceived as important by customers. Kotler and Armstrong (1989) mention that the success of a business depends on determining the needs and wants of target markets, and then delivering the desired satisfaction more effectively and efficiently than the competitors. It is also likely that a customer's favorable post-purchase experience may lead him or her to repurchase if he or she is satisfied with the hotel attributes identified. An understanding of the determinant hotel attributes, as perceived by customers, provides useful information for developing effective marketing strategies. It also provides an indication of how to invest resources that will result in satisfying customers' needs.

This study attempts to compare different target segments, e.g., travelers' purpose of visit and country of residence, in relation to hotel stay experience. Much research has been done on this topic for different market segments (Ananth *et al*, 1992; Atkinson, 1988; Burton, 1990; Cadotte & Turgeon, 1988; Clow *et al*, 1994; Knutson, 1988; Lewis, 1985; Marshall, 1993; Parasuraman *et al*, 1988). As different types of travelers may have different perceptions towards hotel attributes in relation to their hotel stay experience, an in-depth understanding of hotel attributes, as perceived by travelers of various nationalities and with different reasons for traveling, will be vital for undertaking proper market segmentation and formulating effective marketing strategies.

This study also investigates the relative weights of the hotel attributes in influencing travelers' overall satisfaction levels and their likelihood of returning to particular hotels on subsequent trips.

Meeting customers' needs and wants is the main objective of the Hong Kong hotel and tourism industry. Hoteliers in Hong Kong are trying to understand the determinant attributes of their products and services, highlighting them in order to increase their competitiveness to better satisfy the customers' needs. It is also suggested that a satisfactory post-purchase experience, i.e. one that leads to a customer's satisfaction regarding one or more of these determinant attributes, would possibly lead to repurchase. Therefore, hoteliers are particularly interested in gaining an understanding of the relative importance of purchased services and facilities, as perceived by customers. This is because an individual's satisfaction is dependent on how he or she perceives the importance of the product/service attributes being offered to him/her. Marketers are struggling to survive in a highly competitive environment that attracts sophisticated customers. Therefore, it is increasingly necessary for them to investigate customer satisfaction and evaluate possible new market segments in the Hong Kong hotel industry.

1.2. PROBLEM STATEMENT

To improve the competitiveness of Hong Kong's hotel industry, one needs to understand fully the hotel attributes that are considered by travelers to be important. In order to be competitive in the market place and to maintain customer loyalty, we must identify travelers' beliefs concerning the relative importance of hotel attributes, and their perceptions of hotels' actual performance in relation to these attributes, simultaneously. The investigation must be carried out properly because the incorrect identification of hotel attributes could lead to inappropriate marketing and promotional efforts, hence failing to meet the needs of travelers and sweeping away potential business. Therefore, the prime objective is to investigate the quality of hotel services and facilities (attributes) provided by the Hong Kong hotel industry and to examine how well these attributes lead to travelers' overall satisfaction levels and repeat patronage.

1.2.1. Research Questions

The research questions are as follows :

1. What are travelers' beliefs concerning the importance of hotel attributes when choosing a hotel?

2. What are travelers' perceptions in relation to hotel attributes during a hotel stay?

3. Is there any difference between travelers' beliefs concerning the importance of hotel attributes, and their perceptions of their chosen hotel's actual performance in relation to these attributes?

4. What are the core hotel dimensions in influencing travelers' evaluation of the quality of services and facilities offered by the hotels in Hong Kong?

5. Is there any difference between business and leisure travelers, in regard to the underlying dimensions of perceptions of services and facilities offered by hotels in Hong Kong?

6. Is there any difference between Asian and Western travelers, in regard to the underlying dimensions of perceptions of services and facilities offered by hotels in Hong Kong?

7. Are travelers' perceptions of the underlying dimensions of hotel attributes appropriate indicators of their overall satisfaction levels?

8. Are travelers' perceptions of the underlying dimensions of hotel attributes accurate indicators of the likelihood of re-visitation?

1.2.2. Objectives

To address the above-mentioned research questions in this study, the specific objectives of this study are as follows:

1. To rate travelers' beliefs concerning the importance of hotel attributes in hotel selection;

2. To rate travelers' perceptions (of performance) of hotel attributes during a hotel stay;

3. To categorize travelers' beliefs concerning the importance of hotel attributes, and their perceptions of hotels' actual performance in relation to these attributes, by using Importance-Performance Analysis;

4. To identify the underlying dimensions of travelers' perceptions of the hotel attributes during a hotel stay;

5. To identify the differences between business and leisure travelers' perceptions in relation to the underlying dimensions of hotel attributes during a hotel stay;

6. To identify the differences between Asian and Western travelers' perceptions in relation to the underlying dimensions of hotel attributes during a hotel stay;

7. To assess the relative impact of each dimension of hotel attributes upon travelers' overall satisfaction levels; and,

8. To assess the relative impact of each dimension of hotel attributes upon travelers' likelihood of returning on their next trip.

1.2.3. Hypotheses Testing

To answer the research questions empirically and to achieve the stated objectives of this study, the following four hypotheses are made:

Hypothesis 1

H_O :There will be no significant difference in perceptions of the underlying dimensions of hotel attributes in hotel stay between business and leisure travelers.

H_A :There will be a significant difference in perceptions of the underlying dimensions of hotel attributes in hotel stay between business and leisure travelers.

Hypothesis 2

H_O :There will be no significant difference in perceptions of the underlying dimensions of hotel attributes in hotel stay between Asian and Western travelers.

H_A :There will be a significant difference in perceptions of the underlying dimensions of hotel attributes in hotel stay between Asian and Western travelers.

Hypothesis 3

H_O :There will be no significant difference in the relative impact of each of the underlying dimensions of perception of hotel attributes in affecting the travelers' overall satisfaction levels with hotels in Hong Kong.

H_A :There will be a significant difference in the relative impact of each of the underlying dimensions of perception of hotel attributes in affecting the travelers' overall satisfaction levels with hotels in Hong Kong.

Hypothesis 4

H_O :There will be no significant difference in the relative impact of each of the underlying dimensions of perception of hotel attributes in affecting the travelers' likelihood of returning to similar hotels on their next trip.

H_A :There will be a significant difference in the relative impact of each of the underlying dimensions of perception of hotel attributes in affecting the travelers' likelihood of returning to similar hotels on their next trip.

1.3. SCOPE OF THE STUDY

In this study, a list of hotel attributes is identified, capturing the major hotel products and services offered by hotels in Hong Kong. This list of hotel attributes has appeared in various research studies relevant to the hospitality industry (Ananth *et al*, 1992; Atkinson, 1988; Burton, 1990; Cadotte & Turgeon, 1988; Clow *et al*, 1994; Knutson, 1988; Lewis, 1985; Marshall, 1993; Parasuraman *et al*, 1988). To achieve a more objective approach, the survey is undertaken in the departure hall of the Hong Kong International Airport. The survey, which selects departing travelers as samples, is carried out in a designated time frame over a nine-day period in August 1996.

1.4. POTENTIAL CONTRIBUTIONS OF THE STUDY

This study seeks to offer insights into the travelers' beliefs concerning the relative importance of hotel attributes, and their perceptions of hotels' actual performance in relation to these attributes. The potential contributions of this study are:

1.4.1. Potential Contributions to the Hotel and Tourism Industry

1. The application of customer decision theory to bundles of hotel attributes allows hotel marketers to better formulate marketing strategies based on: the relative importance of hotel attributes and travelers' perceptions of hotel attributes.

2. The application of Importance-Performance Analysis means that hotel management can effectively formulate marketing strategies and plans based on travelers' perspective of the relative importance of hotel attributes, and on hotels' actual performance in relation to these attributes.

3. The exploration of differences in travelers' perceptions of hotel attributes, between business and leisure travelers, will help hoteliers to undertake appropriate market segmentation based on travelers' purpose of visit.

4. The exploration of differences in travelers' perceptions of hotel attributes, between Asian and Western travelers, will help hoteliers to undertake appropriate market segmentation from a cultural perspective.

5. The enhancement of hoteliers' understanding of the underlying dimensions of travelers' perceptions of hotel attributes will provide valuable indications so that they can identify the relative importance of each of the dimensions of hotel attributes in affecting travelers' overall satisfaction levels and their repurchasing behavior.

1.4.2. Potential Contributions to Academic Studies

1. An investigation into the gap between travelers' beliefs concerning the relative importance of hotel attributes, and their perceptions of hotels' actual performance in relation to these attributes, will contribute to further research studies in the area of customer decision-process theory.

2. An examination of the applicability of the Importance-Performance Analysis technique will help to separate and evaluate hotel attributes based on their importance and performance.

3. The application of Factor Analysis will help to identify a new set of hotel factors that explain most of the variations among the brand hotel attributes and create

correlated variable composites from the original attribute ratings for subsequent analysis (regression analysis).

4. An exploration of the applicability of Multiple Regression Analysis will help to identify the relative impact of dimensions of perception of hotel attributes in affecting travelers' overall satisfaction levels during a hotel stay, and their likelihood of returning to similar hotels on their next trip.

1.5. DEFINITION OF TERMS

Asian Traveler

Any traveler coming from China, Taiwan, Japan, South Korea or Southeast Asia.

Business Traveler

Any individual who travels and utilizes the hospitality industry's products and services in an effort to affect commerce or discuss similar ideas (Melton, 1988).

Hotel Attributes

A set of attributes which, when aggregated together, describe goods, services and facilities offered by a hotel. The attributes may also be those features of hotel products or services that lead travelers to choose one product over all others (Lewis, 1983).

Importance of Hotel Attributes

Those hotel attributes that are considered as significant by potential travelers during the decision-making process; attributes that distinguish one brand or product from another (Lilien *et al*, 1993).

Leisure Traveler

Any individual traveling for a non-business-related purpose, and whose trips and related expenses are supported by discretionary income. (Melton, 1988).

Likelihood of Returning

The possibility of repeat patronage resulting from a satisfactory outcome that acts as a reinforcement of the customer's decision to use that brand for the occasion. Such reinforcement can lead to the maintenance or even strengthening of prior brand attitudes, intentions to use the brand again, and favorable word-of-mouth publicity (Cronin & Taylor, 1992; Fornell, 1992).

Perception

The process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world (Harrell, 1986).

Perception of Hotel Attributes

The degree to which travelers find various services and facilities important in promoting their satisfaction with a hotel stay (Wuest *et al*, 1996).

Traveler

A traveler is defined as any person who visits a country other than that in which he or she has a usual place of residence, for any reason other than following an occupation remunerated from within the country visited (Gee, 1989). Ananth *et al* (1992) defines a traveler as any individual who is a temporary visitor, possessing a fixed place of abode, traveling in the expectation of business or pleasure, and who stays overnight at a place other than his or her own, and involving an exchange of money.

Traveler Satisfaction/Dissatisfaction

This is the result of the interaction between a traveler's actual experience at a hotel, and the expectations he or she had about that hotel. The traveler is satisfied when his or her actual experience, compared to expectations, results in feelings of gratification. The traveler is dissatisfied when his or her actual experience, compared with expectations, results in feeling of displeasure (Pizam *et al*, 1979).

Western Traveler

Any traveler coming from those countries other than Asia, such as the North America, Europe or Australia/New Zealand.

1.6. OVERVIEW OF THE HONG KONG TOURISM INDUSTRY, 1985 - 1995

With strong growth beginning in the 1980s, the tourism industry is now Hong Kong's second biggest earner of foreign exchange. Hong Kong remains the most visited destination in Asia, followed by Singapore and Thailand (Economist Intelligence Unit (EIU), 1995). The reason can be attributed to Hong Kong's strong role as a centre for regional and international trade, conventions/conferences, transport, travel and financial services.

1.6.1. Traveler Arrivals, 1985 to 1995

The Hong Kong tourism industry plays an important role in the economy. The number of traveler arrivals has leaped from just 3 million in 1985 to more than 10 million in 1995, an increase of nearly three times (Table 1). Only in 1989 did the growth in the number of travelers to Hong Kong decrease. The 3.6 percent drop in traveler arrivals in 1989 was due mainly to the fallout of the democratic movement in China. Starting in 1993, the Hong Kong Tourist Association (HKTA) began to include traveler arrivals from mainland China, which undoubtedly gave a boost to the arrival figures.

Table 1. Traveler Arrivals and Tourism Receipts, 1985 - 1995.

Year	Visitor Arrivals (millions)	Arrival Growth (%)	Tourism Receipts (HK$ billion)	Receipts Growth (%)
1985	3.4	+9.7	14.4	+4.7
1986	3.7	+8.8	17.9	+23.4
1987	4.5	+21.6	25.4	+42.4
1988	5.6	+24.4	33.3	+31.0
1989	5.4	-3.6	36.9	+10.7
1990	5.9	+9.3	39.3	+6.4
1991	6.0	+1.7	39.6	+0.9
1992	6.9	+15.0	48.4	+22.2
1993*	8.9	+22.0	60.0	+24.0
1994*	9.3	+4.4	64.3	+7.1
1995*	10.2	+9.3	74.9	+16.6

* Includes visitors from Mainland China.
Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1985 - 1995."

Not only has the number of travelers increased rapidly, the origin profile of travelers coming to Hong Kong has also changed. Table 2 shows the traveler profile for Asian travelers and Western travelers coming to Hong Kong for the years 1985 to 1995. In 1985, the proportion of Asian and Western travelers was quite even, with 48 percent for Asian and 43 percent for Western travelers. In 1995, however, nearly 70 percent of the ten million travelers coming to Hong Kong were of Asian origin, while travelers from Europe, USA/Canada and Australia/New Zealand accounted for about 25 percent. Of the ten million travelers who came to Hong Kong in 1995, 22 percent came from China, 17 percent from Taiwan, 16 percent from Japan and 13 percent from other Southeast Asian countries. Among Western travelers, 11 percent came from Western Europe, 9 percent from USA/Canada, and 3 percent from Australia/New Zealand (See Table 2). The influx of Asian travelers to Hong Kong is undoubtedly the result of the rapid economic development of neighboring countries (Siu et al, 1987).

Table 2. Traveler Arrivals by Markets, 1985 - 1995 (in thousands).

Country of Origin	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
China	308	363	484	683	730	754	875	1,149	1,732	1,943	2,243
Taiwan	168	212	344	1,094	1,117	1,328	1,285	1,625	1,777	1,665	1,761
Japan	626	714	1,018	1,240	1,158	1,318	1,247	1,312	1,280	1,440	1,691
Southeast Asia	678	711	766	772	693	836	992	1,211	1,239	1,196	1,333
West Europe	571	644	759	780	797	827	868	1,018	1,046	1,126	1,171
USA/Canada	741	815	924	915	749	736	750	843	945	961	986
Australia/NZ	278	284	278	303	284	283	263	290	313	316	335
Others	308	353	413	485	563	605	626	688	603	680	679
Total	**3,678**	**4,096**	**4,986**	**6,272**	**6,091**	**6,687**	**6,906**	**8,136**	**8,935**	**9,327**	**10,199**

Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1985 - 1995."

Table 2 also shows that Hong Kong's top three tourism markets are mainland China, Taiwan and Japan. These three countries account for more than 50 percent of the total traveler arrivals. China jumped into the top three major markets, followed by Japan and Taiwan, in 1993, when it was included in Hong Kong's official traveler arrival figures. In 1994, China overtook Taiwan to become Hong Kong's top origin market for travelers, followed by Taiwan, Japan, Southeast Asia, West Europe, USA/Canada, and Australia/New Zealand.

1.6.2. Traveler Characteristics, 1985 - 1995

There have been several changes in the demographic profile of travelers to Hong Kong over the past few years. For example, travelers are most likely to be male - their share has been rising steadily. Also, data available shows that travelers are likely to be younger than those of previous years, with a mean age of 38.7 years in 1995 (See Table 3).

Table 3. Characteristics of Travelers to Hong Kong, 1985 - 1995.

Characteristics	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Sex %											
Male	47	58	57	59	60	60	61	61	62	63	63
Female	53	42	43	41	40	40	39	39	38	37	37
Mean Age (years)											
	43.0	40.3	40.4	41.2	40.4	39.8	39.2	39.2	39.1	38.7	38.7
Purpose of Visit %											
Vacation	/	65	64	62	56	55	59	56	54	58	55
Visiting Friends/ Relatives	/	2	4	3	3	3	4	5	5	5	5
Business/Meetings	/	23	22	21	25	25	23	28	31	29	30
Other	/	10	10	14	16	17	14	11	11	8	10
Type of Accommodation %											
Commercial	96	82	81	82	84	85	84	88	84	80	78
Other	4	18	19	18	16	15	16	12	16	20	22
Length of Stay (nights)											
	3.6	3.5	3.5	3.4	3.4	3.3	3.4	3.4	3.8	3.9	3.9
No. of Visits to Hong Kong %											
First Time	65	52	50	53	50	46	48	43	46	47	46
More than Once	35	48	50	47	50	54	52	57	54	53	54
Travel Arrangement %											
All Inclusive Package	/	/	34	37	33	32	34	28	30	30	26
Air + Hotel Package	/	/	17	18	17	19	17	18	16	16	13
Non-Package	/	/	49	45	50	49	49	54	54	53	61

Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1985 - 1995."

Regarding the traveling characteristics (purpose of visit, type of accommodation, length of stay, and travel arrangement), the purpose of visit is dominated by vacation seekers. Japan provides the greatest number of holiday-makers for the Hong Kong tourist sector, with 74 percent of Japanese arrivals declaring themselves leisure travelers (EIU, 1995). The percentage of business visitors to Hong Kong has grown slightly, from 23 percent in 1986 to 30 percent in 1995 (Table 3). In addition, there has been a sizable drop in the share of visitors staying in commercial establishments, which may ultimately

affect the overall occupancy levels in Hong Kong hotels. About 50 percent of the travelers were not package-tour travelers in 1987, compared to 61 percent in 1995. This trend indicates that more and more travelers intend to arrange their hotel accommodation for themselves.

1.6.3. Traveler Expenditure, 1985 - 1995

The travel industry is the second largest earner of foreign exchange for Hong Kong. In 1995, total tourism receipts were about HK$74.9 billion, accounting for an estimated 8 percent of the Territory's Gross Domestic Product (Hong Kong Government's Annual Report, 1996). Furthermore, tourism employs 83,000 people and 46,000 people in the tourism and tourism supporting industries, respectively. Based on its present growth rate, tourism is likely to become the top foreign exchange earner by the turn of the century (Shaw, 1996).

Traveler expenditure in Hong Kong surpassed HK$20 billion in 1987. The per capita expenditure was HK$5,500 in the same year. Overall traveler expenditure, with the big-spending travelers from mainland China, reached HK$60 billion in 1993. The results in 1995 were even more encouraging. Total spending increased by about 16.6 percent to HK$74.9 billion. The per capita spending rose by 6.7 percent to HK$7,151 and per diem spending rose by 7.9 percent to HK$1,848.

Table 4. Traveler Expenditure in Hong Kong, 1985 - 1995.

Year	Total Expenditure (HK$ billion)	Annual Growth (%)	Per Capita Expenditure (HK$)	Annual Growth (%)	Per Diem Expenditure (HK$)	Annual Growth (%)
1985	14.4	/	4,138	/	1,166	/
1986	17.9	+23.4	4,619	+11.6	1,316	+12.9
1987	25.4	+42.4	5,517	+19.4	1,576	+19.8
1988	33.3	+31.0	5,814	+5.4	1,710	+8.5
1989	36.9	+10.7	6,686	+15.0	1,955	+14.3
1990	39.3	+6.4	6,401	-4.3	1,922	-1.7
1991	39.6	+0.9	6,349	-0.8	1,851	-3.7
1992	48.4	+21.9	6,684	+5.3	1,978	+6.9
1993	60.0	+24.0	6,684	-3.0	1,741	-12.0
1994	64.3	+7.1	6,699	+0.2	1,713	-1.6
1995	74.9	+16.6	7,151	+6.7	1,848	+7.9

Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1987 - 1994."

In so far as traveler expenditure in Hong Kong is concerned, the Japanese travelers appeared to be the most valuable for Hong Kong in the late 1980s and early 1990s. However, the Japanese position was overtaken by Taiwan in 1992. Spending by travelers from Taiwan in 1995 was HK$15.1 billion, followed by travelers from Japan, at HK$14.1 billion. Mainland Chinese travelers gained ground with a rapid advance in fourth place in 1993 and third place since 1994. In 1995, the mainland Chinese travelers registered a healthy expenditure increase of 30 percent to HK$13.7 billion. The overall expenditure of Southeast Asian travelers ranked fourth in 1995, experiencing a triple-digit increase in growth rate from 1985 to 1995. For western countries, an increase in spending by travelers from West Europe was in line with the increase in traveler arrivals from that region. The USA/Canada registered a slightly increase of 4 percent in spending in 1995, with receipts totaling HK$5.8 billion. Australians and New

Zealanders spent 11 percent more in 1995 compared to 1994's expenditure, or HK$2.1 billion (See Table 5).

Table 5. Traveler Expenditure in Hong Kong by Major Markets, 1985 - 1995.

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Total Expenditure (HK$ m)											
China	/	/	/	/	/	/	/	/	8,004	10,630	13,746
Taiwan	/	/	1,584	4,765	5,558	7,263	7,033	11,810	13,909	13,839	15,120
Japan	2,511	3,612	7,024	9,149	9,113	9,227	9,184	9,034	10,074	12,165	14,110
SE Asia	2,457	3,073	3,464	3,565	4,578	5,604	6,075	8,220	8,369	8,775	10,082
West Europe	1,729	2,257	3,456	4,207	4,522	4,697	5,018	5,773	5,892	6,487	7,193
USA/Canada	3,861	4,259	5,309	5,936	5,631	5,197	4,984	5,320	6,177	5,647	5,888
Australia/NZ	1,561	1,700	1,736	2,030	2,601	2,231	2,060	2,089	1,915	1,937	2,153
Per Capita Expenditure (HK$)											
China	/	/	/	/	/	/	/	/	5,270	5,469	6,128
Taiwan	/	/	4,472	4,356	4,907	5,402	5,418	7,215	7,843	8,311	8,586
Japan	3,950	4,968	6,796	7,376	7,748	6,929	7,291	6,843	7,860	8,444	8,343
SE Asia	3,480	4,179	4,404	4,620	6,449	6,545	5,992	6,656	6,764	6,650	7,102
West Europe	3,451	3,937	5,021	5,393	6,345	6,365	6,354	6,162	5,659	5,477	5,897
USA/Canada	5,137	5,118	5,591	6,486	7,268	6,768	6,379	6,090	6,529	5,874	5,861
Australia/NZ	5,229	5,592	5,882	6,705	8,611	7,419	7,428	6,878	6,134	6,015	6,412
Per Diem Expenditure (HK$)											
China	/	/	/	/	/	/	/	/	921	904	1,048
Taiwan	/	/	1,438	1,650	2,124	2,444	2,060	2,712	2,883	2,962	2,940
Japan	1,531	1,827	2,401	2,692	2,626	2,373	2,480	2,352	2,710	2,862	2,800
SE Asia	992	1,171	1,223	1,232	1,608	1,657	1,606	1,804	1,838	1,832	2,047
West Europe	920	1,079	1,339	1,379	1,559	1,560	1,527	1,533	1,433	1,464	1,754
USA/Canada	1,374	1,438	1,523	1,725	1,923	1,758	1,724	1,692	1,718	1,683	1,702
Australia/NZ	1,050	1,114	1,198	1,289	1,616	1,533	1,483	1,418	1,357	1,372	1,578

Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1985 - 1995."

In terms of per capita expenditure, Taiwan took over Japan and retained its top position, registering a total of HK$8,586 per visitor in 1995, up 3.3 percent. Japanese travelers spent HK$8,343 on average (down 1.2 percent). Although mainland China is a major market in traveler arrivals, total expenditure and length of stay, its per capita spending has been lower than its Taiwanese and Japanese counterparts. Mainland

Chinese travelers spent approximately HK$6,128 per capita, up 12 percent. Per capita spending by Southeast Asian travelers increased remarkably to HK$7,102 in 1995. However, a declining trend has been observed in capita head spending of travelers from Western Europe, the USA/Canada and Australia/ New Zealand. In 1994, per capita spending by travelers from Western Europe, the USA/Canada, and Australia/New Zealand fell, respectively, 3.3 percent to HK$5,477, 10 percent to HK$5,874, and 2.2 percent to HK$5,996 (See Table 5).

In terms of per diem expenditure, 1993 saw a rapid advance by both Taiwanese and Japanese travelers, with a further strong increase in evidence in 1994 and 1995.

1.6.4. Traveler Spending Patterns, 1985 - 1995

Table 6 shows that shopping expenditure accounted for the greatest portion of tourism receipts, nearly 50 percent of travelers' overall expenditure in the past several years. In 1995, travelers spent approximately HK$37 billion, or slightly over 50.8 percent of their total spending in Hong Kong. Travelers spent HK$21.4 billion on hotel bills, representing 29.4 percent of their total spending in 1995. Meals outside hotels, as a proportion of the total expenditure, however, appear to have risen since 1987, but few other changes are noteworthy.

Table 6. Traveler Spending Patterns in Hong Kong, 1987 - 1995.

Main Category	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(HK$ m)											
Shopping	7,277	8,901	12,857	17,549	18,148	19,361	20,079	24,802	29,609	32,452	37,068
Hotel bills	4,320	5,047	7,628	9,301	11,279	11,482	10,659	12,930	15,969	17,620	21,411
Meals outside hotels	1,381	1,698	2,181	2,925	3,429	4,092	4,114	5,085	7,380	7,550	8,353
Local tours	323	490	691	785	673	810	769	748	1,585	1,805	2,138
Other	976	1,106	1,480	1,936	2,314	2,233	2,680	3,134	5,483	4,836	3,967
Total	**14,280**	**17,243**	**24,837**	**32,496**	**35,843**	**37,978**	**38,301**	**46,699**	**60,026**	**64,263**	**72,939**
(%)											
Shopping	51.0	51.6	51.8	54.0	50.6	51.0	52.4	53.1	49.3	50.5	50.8
Hotel bills	30.2	29.3	30.7	28.6	31.5	30.2	27.8	27.7	26.6	27.4	29.4
Meals outside hotels	9.7	9.8	8.8	9.0	9.6	10.8	10.7	10.9	12.3	11.7	11.5
Local tours	2.3	2.8	2.8	2.4	1.9	2.1	2.0	1.6	2.6	2.8	2.9
Other	6.8	6.5	6.0	6.0	6.5	5.9	7.0	6.7	9.1	7.6	5.4
Total*	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* May not add due to rounding.
Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1987 - 1995."

Table 7 shows a comparison of traveler spending patterns by major markets in 1988 and 1995. It appears that those big money spenders are likely to spend more on shopping than on hotel bills. These short-haul travelers coming from mainland China, Taiwan, Japan and Southeast Asia appear to have been attracted to the glamorous reputation of Hong Kong as a 'Shopping Paradise'. Travelers from these countries spent more than 50 percent of their total expenditure on shopping in 1995. In contrast to their counterparts, travelers from long-haul markets such as Western Europe, the USA/Canada and Australia/New Zealand spent more on hotel bills, i.e., they spent more than 40 percent of their budget on hotels in 1995. Comparing the figures in 1988 and 1995, it was found that travelers from the long-haul markets spent more on hotel bills but less on shopping.

Table 7. Traveler Spending Patterns by Major Markets, 1988 and 1995.

Country of Origin	1988				1995			
	Shopping %	Hotel Bills %	Other %	Total %	Shopping %	Hotel Bills %	Other %	Total %
China	/	/	/	/	61.0	18.7	20.3	100.0
Taiwan	63.1	20.1	16.8	100.0	61.7	18.9	19.4	100.0
Japan	67.0	19.2	13.8	100.0	53.7	28.6	17.7	100.0
Southeast Asia	48.3	28.4	23.3	100.0	51.0	29.5	19.5	100.0
West Europe	41.4	38.0	20.6	100.0	31.9	45.9	22.2	100.0
USA/Canada	42.6	40.8	16.6	100.0	27.9	52.0	20.1	100.0
Australia/NZ	48.6	34.7	16.7	100.0	37.1	43.5	19.4	100.0

Source : Hong Kong Tourist Association, "A Statistical Review of Tourism in Hong Kong 1987 - 1995."

1.7. OVERVIEW OF THE HONG KONG HOTEL INDUSTRY, 1985 - 1995

Despite the downturn in traveler arrivals for the period between 1989 and 1992, the Hong Kong hotel industry has been enjoying high occupancy rates (average 85 percent) for the past ten years (Heung, 1997).

1.7.1. Trends in Hotel-Room Supply and Demand, 1984 to 1995

The Hong Kong hotel industry has evolved from a building boom 10 years ago to a dearth of rooms in 1995. Table 8 shows that traveler arrivals grew at an annual rate of 17 percent; the daily demand for hotel rooms grew at an annual rate of 7.1 percent between 1984 and 1988, and the daily supply of hotel rooms grew at an annual rate of 6.2 percent. This indicates that there was an imbalance of hotel-room demand and supply (Economic Analysis, 1995). In 1989, traveler arrivals dropped by 3 percent while average daily room demand grew by only 1.4 percent. Daily room supply increased by

18.1 percent, leading to a severe decline in average room occupancy rate, to 79 percent.

In 1990, both the growth of average daily room demand and supply leveled at 4.1

percent. The average room occupancy rate stayed at 79 percent, implying a stable and

steady growth of both demand for and supply of hotel rooms.

Table 8. Supply and Demand of Hotel Rooms in Hong Kong, 1984 - 2000.

Year	Average Daily Room Supply #	Growth %	Average Daily Room Demand* #	Growth %	Room Occupancy Rate %
1984	18,031	/	16,047	/	89
1985	18,180	+0.8	15,998	-0.3	88
1986	20,230	+11.3	17,195	+7.5	85
1987	21,022	+3.9	18,919	+10.0	90
1988	22,882	+8.9	21,051	+11.3	92
Average		+6.2		+7.1	
1989	27,031	+18.1	21,354	+1.4	79
1990	28,146	+4.1	22,235	+4.1	79
1991	31,163	+10.7	23,372	+5.1	75
1992	33,534	+7.6	27,498	+18.0	82
1993	34,044	+1.5	29,618	+7.7	87
1994	33,490	-1.6	29,766	+0.5	85
1995	33,052	-2.3	28,095	-5.6	85
Average		+5.4		+4.5	
1996	33,210	+0.5	29,690	+5.7	89
1997	34,122	+2.7	30,866	+4.0	90
1998	35,915	+5.3	32,110	+4.0	89
1999	37,937	+5.6	33,405	+4.0	88
2000	39,018	+2.8	34,906	+4.5	89
Average		+3.4		+4.4	

* Average daily room demand for 1984 to 1994 is estimated by Bank of East Asia's Economic Research Department.
Source : Hong Kong Tourist Association, " Hotel Supply Situation 1987 - 1996."

Nevertheless, from late 1991 onwards, the tourist growth rate was not the main

factor contributing to the imbalance of hotel-room supply and demand. Average daily

room supply increased by 10.7 percent in 1991 but decreased by 2.3 percent in 1995,

resulting in a slight increase in average daily room supply of 3.18 percent for 1991 to

1995. In the meantime, the annual percentage growth of average daily room increased

by 5.14 percent from 1991 to 1995, owing to a drastic rise of average daily room demand by 18 percent in 1992. Comparing the growth rate between hotel-room supply (3.18%) and demand (5.14%) for the past five years (1991 - 1995), it is clear that average hotel-room demand rose at a faster rate than hotel-room supply. However, average room occupancy rates increased from 75 percent in 1991 to 85 percent in 1995. This suggested that the imbalance between hotel-room supply and demand is mainly due to the shortage of hotel-room supply. The main reason is probably the conversion and redevelopment of hotels into office buildings.

1.7.2. Conversion of Hotels into Commercial Complexes

Between 1993 and 1995, thirteen hotels were demolished and redeveloped into commercial buildings. This commercial redevelopment has caused an imbalance between the supply of hotel rooms and the increase in demand for hotel rooms by the travelers. The preference for developing commercial offices rather than hotels was because of the plot ratio differences between commercial office and hotel development. Plot ratio is the ratio of gross floor area divided by total site area. The plot ratio for a commercial building is 15, while for a hotel, it ranges from 8 to 10. A commercial office, which has a higher plot ratio, can be developed into a larger gross floor area than a hotel, resulting in a higher gross asset value and higher rate of return per floor area. There has been an actual decrease in hotel-room supply during the past five years, with a

total of thirteen hotels (5,556 rooms) being redeveloped into profitable commercial office blocks (Economic Analysis, 1995).

With a projected annual increase of 5.4 percent in hotel room demand, the HKTA estimates that the Hong Kong hotel sector will need at least 6,000 new hotel rooms. Between 1996 and 1999, sixteen hotels will be launched, producing an additional 5,966 hotel rooms in Hong Kong. Furthermore, several hotel project developments along the airport railway line will be completed by the year 2000, providing a total of 14,726 hotel rooms (Table 9).

Table 9. Hotel Projects in Hong Kong, 1996 - 2000.

Date of Completion	Hotel Name	Location	Number of Rooms
Feb 1996	New San Diego Hotel	Yau Ma Tei, Kowloon	99
Sep 1996	Eation Hotel Extension	Yau Ma Tei, Kowloon	123
3rd Quarter 1996	1 Hotel	Aberdeen, Hong Kong	175
Jan 1997	1 Hotel	Kowloon City, Kowloon	102
Jun 1997	Royal Park Hotel	Mongkok, Kowloon	700
Aug 1997	1 Hotel	Yau Kom Tau, New Territories	450
Jan 1998	1 Hotel	North Point, Hong Kong	299
Feb 1998	1 Hotel	Tin Shui Wai, New Territories	1,040
Apr 1998	1 Hotel	Tsimshatsui, Kowloon	299
Aug 1998	Lucky World Int'l World	Western District, Hong Kong	500
1999	Mega Tower Hotel	Wanchai, Hong Kong	2,179
After 2000	2 Hotels	Airport Railway - Central Station	1,210
	4 Hotels	Airport Railway - Kowloon Station	2,400
	2 Hotels	Air[port Railway - Taikoktsui Station	1,150
	1 Hotel	Airport Railway - Tung Chung Station	4,000
Total			**14,726**

Source : Hong Kong Tourist Association, " Hotel Supply Situation Number 1 1996."

1.8. OUTLOOK FOR THE HONG KONG TOURISM AND HOTEL INDUSTRY

1.8.1. Tourism Growth in the Asia-Pacific Region

As the Asia Pacific region assumes its major and growing role in the global economy throughout the 1990s, a prosperity with a newly created burgeoning outbound travel market will offer many possible development opportunities in tourism (Go & Heung, 1995). During the last ten years, international traveler arrivals and receipts in East Asia Pacific region[1] have risen faster than in any other region in the world. In 1994, international travelers reached 75 million, grew more than twice as fast as the world's average, and increased by 7.6 percent over 1993. (World Tourism Organization (WTO), 1995). The WTO forecasts that traveler arrivals in East Asia and the Pacific will reach 190 million by 2010. One in five international travelers will choose an Asian destination. Shah (1996) projects that traveler arrivals to the territory will be in the range of 17 to 23 million by the year 2011, with most of them from mainland China, Taiwan, Japan and Southeast Asia. Baldwin and Brodess (1993) point out the dynamics of the Asia Pacific tourism market, and state that tomorrow's Asian travelers will demand more short-haul tourist destinations with reasonable budgets in mind. Therefore, hoteliers should prepare for the growth of the Asia Pacific region by identifying the right market and tailoring their properties to the needs of their customers.

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[1] The East Asia Pacific region includes China, Hong Kong, Malaysia, Singapore, Thailand, Indonesia, the Republic of Korea, Australia, Macau, and Taiwan.

1.8.2. Growth in Business Travel

In Hong Kong, more than two-thirds of travelers are Asians. In its 1996 study, the HKTA reported that more than 50 percent of travelers coming to Hong Kong were repeated travelers, and close to a third of the arrivals were on business. While business travel to Hong Kong grew from 23 percent in 1985 to 30 percent in 1995, vacation travel fell from 65 percent to 55 percent over the same period (See Table 3). The China factor has been one of the reasons for the growth of business travel to Hong Kong (EIU, 1995). It is anticipated that business travel will increase further as China assumes its sovereignty over Hong Kong on July 1, 1997. With its advanced transport and communication facilities, Hong Kong will continue to be a gateway to China. As 1997 draws closer, the relationship between Hong Kong and China will become more intimate. The Hong Kong hotel industry will continue to enjoy the benefits from business travelers who come through Hong Kong to conduct business and to explore investment opportunities in China. Since Hong Kong is one of the busiest financial centres in the world, foreign investors and overseas visitors often consider Hong Kong as the gateway to China.

With the completion of the International Trade and Exhibition Centre in October 1996 and the opening of the extension phase of the Hong Kong Convention and Exhibition Centre (HKCEC), business activities are expected to increase. The increase in exhibition and conference space further improves Hong Kong's selling points --- as

an international centre for telecommunications network, transportation, and first-class hotel services. With its improved facilities, HKCEC has already attracted 108 exhibitions for the period between July 1997 and 2000, attracting approximately 505,000 international travelers to Hong Kong (Economic Analysis, 1995).

1.8.3. Increasing Competition

Hong Kong may lose its competitiveness as a major tourist destination to other Asian countries because of rising costs, political uncertainty, and rival centres in the Asia Pacific Region (Asiaweek, 1994). In the early 1990s Hong Kong suffered from a relatively high inflation rate of about 10 percent per annum as a result of an increase in labor and land costs. Although inflation fell to 8.7 percent in 1995, Hong Kong is still at a disadvantageous position when compared to most industrialized countries, where inflation has been running at 3 to 4 percent per annum in recent years (Heung, 1997). Such price inflation threatens the territory's goodwill as a 'Shopping Paradise'. Militante (1994) pointed out that Hong Kong is an expensive travel destination. Hong Kong is less 'vacation-friendly' than previously, as high inflation has driven up prices. In 1989, 60 percent of travelers rated shopping in Hong Kong as 'above average' in value for money spent but in 1993, the number fell below 45 percent (Militante, 1994). Brevetti (1995) stated that the rising cost of staying in Hong Kong and the dwindling number of shopping bargains are continuously affecting the territory's tourism. As the supply of hotel rooms becomes tighter and the high inflation rate continues, it is

expected that the prices of hotel products and services will keep rising in the next few

years.

CHAPTER TWO - LITERATURE REVIEW

2.1. THEORETICAL FOUNDATION

All marketers face a common challenge: their desire to influence customers'
purchase behavior in favor of the products or services they offer (Irwin, 1995). To be
able to change customers' purchasing behavior, marketers need to understand how
customers behave. Moreover, marketers need to realize the specific needs and motives
customers are attempting to satisfy, and how they translate them into purchase criteria.
They need to understand how customers gather information regarding various
alternatives, and how they use this information to evaluate and select from a set of
alternative brands. They need to understand how customers make purchase decisions.
They also need to understand how the customer decision process and reasons for
purchase vary among different types of customers (Belk, 1988). Several research studies
have investigated the impact of attribute importance on the customer decision-making
process (Heeler *et al*, 1979; MacKenzie, 1986). The notion is that a customer is trying to
evaluate and weigh various attributes of a product, based on how they perceive the
relative importance of each of the attributes.

2.1.1. Belief about the Importance of Hotel Attributes

Lilien *et al* (1993) defined important hotel attributes as those that are considered as significant by customers, and that distinguish various brands of products from each other. Attribute importance refers to a person's general assessment of a product's attributes. An attribute is perceived as important when it plays a significant role in influencing customers' purchasing behavior (MacKenzie, 1986). But what is meant by the term 'importance'? 'Importance' has been interpreted as meaning the same as 'satisfaction' (Rosenberg, 1956). In recent years, the term 'importance' has been referred to as the perceived importance of an attribute that affects the product quality (Carmen, 1990), product satisfaction (Ryan & Holbrook, 1982) and job satisfaction (Mikes & Hulin, 1968). Therefore, it is essential that hoteliers understand and clarify those product attributes that are perceived as important by their target customers.

Effective marketing strategies rely on an understanding of important product attributes. Moreover, an understanding of important attributes helps marketers to understand which product attributes influence the purchase behavior of customers in different market segments. A technique that identifies the important attributes has been employed to determine customer choice in various industries such as hotel and tourism (Lewis, 1983), retail store choice (Bearden, 1977; Lumpkin *et al*, 1985), bank selection, (Anderson *et al*, 1976; Sweitzer, 1975) and benefit segmentation (Moriarty & Reibstein, 1986). In addition, product or service attribute analysis can be useful in the development

of marketing policy and new product/service design (Banks, 1950); benefits-seeking marketing segmentation (Haley, 1968; Frank *et al*, 1972); and advertising strategies directed at targeted market segments. Therefore, marketing research is needed to assess the determinant attributes of the target market segments and to determine how these attributes are perceived by the customers.

2.1.2. Perception of Hotel Attributes

Perception is defined as the process by which an individual receives, selects, organizes, and interprets information to create a meaningful picture of the environment (Harrell, 1986). Assael (1992) defined perception as the process by which customers select, organize and interpret stimuli that make sense to them. Applying to the hospitality sector, Lewis (1984) defined perception as the way customers rate, judge and compare hospitality operations with those of competitors, and decide whether the operations offer the things they desire from a hotel. Goodrich (1978) mentioned that perceptions of an idea, product, or service play an important role in an individual's choice. Two customers may be subject to the same stimuli under the same conditions, but how they recognize them, select them, organize them, and interpret them is a highly individual process based on their own individual needs, values, expectations and so forth. As the definition suggests, perception can be viewed as an individualized process; it depends on internal factors such as a person's beliefs, experiences, needs, moods and expectations. The perception process is also influenced, however, by the characteristics

of a stimulus such as its size, color, intensity, and the context in which it is seen or heard.

When travelers are selecting a hotel at which to stay, it is believed that they will select a hotel that possesses the attributes that they perceive as important to them. Mill and Morrison (1985) state that a travel purchase is made based on the extent to which a customer perceives the purchase will satisfy his or her needs. MacKenzie (1986) claims that customers will seek information, evaluate the products, and make the purchases guided in part by their perceptions of the importance of various product attributes. The extent to which a customer participates in some activities is a function of how the individual perceives the benefits provided by the activities (Bergier, 1981). The more favorable the perception, the greater the likelihood of choice from among similar alternatives. Knowledge of customer perception is an integral part of segmentation and market-positioning strategy.

With regard to customer perception of hotel attributes, Wuest *et al* (1996) defined it as the degree to which travelers consider the various services and facilities as being important in contributing to their satisfaction with a hotel stay. Hemmasi *et al* (1994) stated that customer satisfaction lies in their perceptions of performance of the product/service attributes. Thus, the more favorable the perception of performance, the greater the likelihood of the choice from among similar alternatives. Therefore, it is strategically important for hoteliers to identify the product and service attributes that are

perceived by the customers as being important, and to examine how customers perceive the hotel products and services in a hotel stay. It is also very likely that a favorable post-purchase experience will lead customers to a repurchase, if they are satisfied with the hotel attributes identified.

2.1.3. Evaluative Criteria and Bundles of Attributes

In a purchasing process, customers are used to being confronted with a list of choices or alternatives from which they plan to select. Customers tend to evaluate various choices or brands, and then purchase those products or services that they think are most likely to satisfy their needs. Therefore, an evaluation or comparison of the choice alternatives on specific criteria are important to the customer. Irwin (1995) defines evaluative criteria as the dimensions or attributes of a product or service that are used to compare alternatives. Evaluative criteria are generally thought of in terms of product or service attributes, which can be objective and subjective. For example, in choosing which hotel to stay in, customers tend to evaluate the hotel purchase using objective attributes such as room rates, services offered, and location as well as subjective factors such as image, comfort feeling, and quality.

Sinclair and Stalling (1990) stated that customers view products as bundles of attributes, features and benefits, and the attributes differ in their contribution to product evaluation and choice. A customer's hotel choice reflects his or her desired attributes

and perception of a hotel's ability to deliver those attributes that are most likely to satisfy the needs (Lewis, 1984). Hence, a customer will make a decision based on which of the attributes are present in one hotel and absent in another. The customer would perceive the combination of the attributes that are most likely to produce the best bundle of benefits, resulting in customer satisfaction (Lewis, 1984).

2.1.4. Customer Satisfaction

Customer satisfaction has long been an area of interest in academic research. Studies of customer behavior emphasize that customer satisfaction is a main concern in the postpurchase period (Westbrook & Oliver, 1991). A traditional definition of customer satisfaction follows the disconfirmation paradigm of customer satisfaction/dissatisfaction (CS/D), which suggests that CS/D is the result of interaction between the customer's pre-purchase expectations and post-purchase evaluation (Berkman & Gilson, 1986; Czepiel & Ronsenberg, 1977; Engel et al, 1990; Handy, 1977; Oliver, 1981; Oliver & Swan, 1989). Anton (1996) came to a more contemporary approach, and defined customer satisfaction as a state of mind in which the customer's needs, wants, and expectations throughout the product or service life have been met or exceeded, resulting in repurchase and loyalty. Although customer satisfaction has been defined in various ways, the underlying conceptualization is that satisfaction is a post-purchase evaluative judgment, leading to an overall feeling about a specific transaction (Fornell, 1992).

Measuring customer satisfaction is an integral part of the effort that improves a product's quality, resulting in a company's competitive advantage (Cravens *et al*, 1988; Garvin, 1991). The theory of consumer behavior, as discussed by Engel *et al* (1990) and Williams (1982), points out that customers' buying behaviors and levels of satisfaction are influenced by the customers' background characteristics and by external stimuli. As customer satisfaction is influenced by the availability of customer services, the provision of quality services has become a major concern of all businesses (Berry & Parasuraman, 1991).

Because of the intangibility, inseparability, variability, and perishability of services, customers' perceptions of satisfaction criteria may include contextual cues that they use to evaluate the service quality and to make decisions about future patronage, whether or not they have experienced the hotel's products and services before (Parasuraman *et al*, 1985). A satisfactory outcome may be considered as a reinforcement of the customer's decision to use the same products and services regularly. The reinforcement of the customer's decision can lead to the maintenance or the strengthening of prior brand attitudes and the customer's intention of using the same products and services again (Oliver, 1980). Hotel attributes lead to customer satisfaction, which reinforces customers' repeat purchases. Customer choose to stay in a particular hotel due to the benefits they enjoy from experiencing the hotel attributes. Hotel attributes are therefore the main features that produce the benefits enjoyed by customers (Wilensky & Buttle, 1988). Hoteliers will benefit by knowing why

customers choose one hotel over any others. Lewis (1984) stated that hotel choice is a reflection of the customers' desired attributes and their perception of whether or not these attributes are present in a particular hotel. Customers tend to select hotels that they believe can deliver the best combination of hotel attributes (Lewis, 1984). It is therefore imperative for hotels to pay close attention to the attributes that are seen as important by their target markets. In addition, hoteliers should be aware of the degree of importance of their hotel's attributes, as perceived by customers, and also the customers' perceptions of the hotel's actual performance in relation these attributes.

2.1.5. Likelihood of Returning

Providing a high-quality service has become an increasingly important issue in all service industries. This is because an excellent quality of services and facilities offered to customers is perceived to be the means by which service firms and organizations can achieve a competitive advantage, differentiate themselves from competitors, increase customer loyalty, enhance corporate image, increase business performance, retain existing customers, and attract new ones (Lewis, 1993; Smith, 1993; Watson et al, 1992). A favorable corporate image is also considered as the prime contributor to repeat patronage (Hunt, 1975).

In the service industry, it has become more difficult to implement product differentiation because of increasing segmentation, competition and overlapping

options. In the hotel industry, customers are provided with a wide range of product and service alternatives in most markets. Hoteliers are therefore encouraged to consider the quality of their products and services offered, as a critical competitive factor. In order to survive, hoteliers must focus on offering quality products and services as an effective competitive strategy for differentiating their products from those of competitors in the marketplace.

Various research studies have addressed the relative contribution of various hotel attributes in determining customer perceptions of their overall satisfaction with the hotel industry (Ananth *et al*, 1992; Atkinson, 1988; Burton, 1990; Cadotte & Turgeon, 1988; Clow *et al*, 1994; Knutson, 1988; Lewis, 1984 1985; Marshall, 1993; McCleary *et al*, 1993; Weaver & Heung, 1993; Wilensky & Buttle, 1988). As satisfaction outcome may be a reinforcement of a customer's decision to use that brand on a given occasion, and such reinforcement can lead to the maintenance or even strengthening of prior brand attitudes and intentions to use the brand again (Cronin & Taylor, 1992; Oliver, 1980). Because customer satisfaction can lead to repeat purchases and favorable word-of-mouth publicity (Fornell, 1992; Halstead & Page, 1992), an understanding of this concept is essential for hoteliers. Therefore, in order to retain customers, the lodging industry needs to fully understand which product and service attributes are most likely to influence customers' choice intentions (Richard & Sundaram, 1993). Theories explaining the customer decision making indicate that a customer's repeat purchase and brand loyalty are closely associated with his/her satisfaction or dissatisfaction with an initial purchase

(Sirgy, 1986). Therefore, research into guest satisfaction, which translates into the more practical consideration of whether or not customers will return to an establishment or recommend it to other travelers, is crucial to the success of the hospitality business. Failure to pay attention to those hotel attributes that are most influential in choice intention may result in a customer's negative evaluation of the hotel, and further reduce the chance of that guest patronizing the hotel again. Therefore, it is essential to explore the relative importance of hotel attributes in lodging choice selection.

This study attempts to offer insights into product and service attributes, consumer perceptions and satisfaction levels, market segmentation, and other marketing elements that help explain and predict consumer behavior and form a basis for marketing strategies, plans, and tactics, i.e., how to invest money which most effectively.

2.2. PREVIOUS STUDIES ON HOTEL CHOICE SELECTION

An extensive review of literature for the hospitality industry suggests that attributes such as cleanliness, location, room rate, security, service quality, and reputation of the hotel have been considered by most travelers in hotel choice decision (Ananth *et al*, 1992; Aktinson, 1988; Barsky & Labagh, 1992; Cadotte & Turgeon, 1988; Knutson, 1988; LeBlanc & Nguyen, 1996; Lewis, 1984 1985; Marshall, 1993; McCleary *et al*, 1993; Rivers *et al*, 1991; Wilensky & Buttle, 1988). A comprehensive

review of literature was shown herewith, in chronological order, to identify general hotel attributes (Section 2.2.1.), highlight hotel attributes for business and leisure travelers (Section 2.2.2. and Section 2.2.3.), and compare hotel attributes for Asian and Western travelers (Section 2.2.4.). In addition, a table summarized the previous studies on hotel choice criteria (hotel attributes) from Section 2.2.1. to 2.2.4. of Chapter Two is shown in Appendix 1.

2.2.1. General Hotel Selection Attributes

Bush and Hair (1976) surveyed travelers' assessments on the attributes of lodging selection for discount and conventional motels. Their study showed that travelers rank discount and conventional motels differently. For discount motels, the most important attributes were price, location, and appearance. For conventional motels, the most important attributes were past experience, appearance, and location.

Atkinson (1988) performed a primary customer research to identify the desires of customers of the hotel chain Days Inns America. Of the 59 attributes, 20 had a mean score of 5.0 or above on a scale of 1 (not important) to 6 (extremely important), and were therefore considered to be critical attributes for the chain. The top attribute was cleanliness of accommodation, followed by safety and security, accommodation value for money, courtesy and helpfulness of staff. The results indicated that evaluating a hotel's performance from the customer's point of view would improve management's

understanding of customer satisfaction, and ultimately lead to repeat business. Customers who are satisfied with their hotel stay are likely to become repeat customers.

Wilensky and Buttle (1988) conducted a research on the Holiday Inn versus its neighboring competitors at Heathrow of America to determine which attributes the hotel customers considered important when selecting a hotel. The returned questionnaires identified 40 hotel attributes, which were condensed by the principal component method into seven factors. To identify the relative importance of these seven factors to the customers, Wilensky and Buttle constructed a benefit value index (BVI). The seven factors, in order of importance, were: standard of personal service; physical attractiveness; opportunities for relaxation; standard of services; appealing image; value for money; and, suitability for business customers.

Dahl (1989) surveyed 403 frequent travelers and found that direct-dial phones, bathroom amenities, and non-smoking rooms were the three most important attributes when such travelers decided which hotel to patronize. However, the in-room movies, in-room bar or refrigerator with snacks, and telephone in bathroom were the least important attributes, as far as frequent travelers were concerned.

Rivers *et al* (1991) examined the hotel selection decisions of members and non-members of frequent guest programs. Travelers were asked to rate the importance of eight attributes in a hotel selection: convenience of location, overall service, readiness of

rooms, discount prices, food & beverage quality, frequent-stay programs, corporation's recommendations, and travel agent's recommendations. The results showed that convenience of location and overall service received the highest ratings.

Rutherford and McConnell (1991) analyzed executives' concerns with security in the top 50 US hotel corporations. Ten areas of hotel security, derived from the United States criminal proceedings, were surveyed. The ten areas, in order of importance, were: 1). Staff training; 2). Lighting; 3). Locking systems; 4). Hiring security personnel; 5). Monitoring criminal activity; 6). Controlling access; 7). Training armed security personnel; 8). Communicating risk to customers; 9). Remote electronic monitoring; and 10). Employing armed security personnel.

Ananth *et al* (1992) surveyed 510 travelers from the Pennsylvania State University Alumni Association, asking them to rate the importance of 57 hotel attributes in hotel choice decision. The results showed that 'price and quality' was rated as the most important attribute across all age categories, followed by attributes related to 'security' and 'convenience of location'. Those attributes of lesser importance were related to 'room amenities', such as in-room temperature-control mechanisms; well-lit hallways, public areas, restaurants, and garages; soundproof rooms; and firm mattresses.

Marshall (1993) mentioned that safety and security have become the traveler's number one priority. Travelers want to be safe and secure in their accommodation, and are willing to pay for it. Therefore, a hotel with a sophisticated safety and security system is likely to enjoy a marketable amenity. The safety and security system may differentiate the property system from its competition, hence becoming a winning strategy that helps a hotel to gain travelers' confidence and trust.

Schaefer *et al* (1995) examined the relative importance of each of 23 hotel attributes to motorcoach tour operators. The findings showed that cleanliness received the highest attribute importance rating score, followed by services delivered as promised, reservation reliability, competency of service provider, security of hotel, and (of all those reported), meeting room availability. However, Lewis and Nightingale (1991) argued that while a lack of cleanliness is a prime reason diverting travelers away from a hotel, exceptional cleanliness does not really attract them.

Tsaur and Tzeng (1995) measured the relative importance of hotel attributes to travelers, and reported that the hotel environment (lighting equipment, safety equipment, non-smoking area and quietness) draws most customers' concerns. What customers expect from their lodging is a comfortable, quiet and safe environment to recover from a day's fatigue when they are traveling away from home or running business errands.

Heung *et al* (1996) examined the difference in hotel selection attributes between loyal and disloyal foreign independent travelers (FITs). For loyal FITs, cleanliness and comfort of rooms, location, safety and security, friendliness and courtesy of staff were important. Room rates, cleanliness and comfort of room, safety and security, and location were important to disloyal FITs. The findings revealed that brand loyalty is apparent among frequent business travelers. The study also suggested that there are three ways to develop customer loyalty for hotel products and services: quality assurance, data-base marketing and customer incentive programs.

LeBlanc and Nguyen (1996) examined the five hotel factors that may signal a hotel's image to travelers. In order of importance, these five factors were: physical environment, corporate identity, service personnel, quality of services and accessibility. The most important factor, physical environment, includes variables such as decor and design of rooms and hotel. LeBlanc and Nguyen suggested that marketing efforts should be directed to highlight the environmental cues in order to attract new customers.

Physical appearance, location, convenience for the traveler, and the alternative hotels available to travelers are important attributes in the customer decision-making process (Burton, 1990; Knutson 1988; Lewis, 1985). Hotel customers claim that the appearance of a hotel, such as well-lit public areas, will help them to determine whether or not to purchase the accommodation (Ananth *et al*, 1992). Since the hotel industry is highly competitive and homogenous in terms of services and facilities, location,

convenience and alternatives to the traveler can be regarded as important attributes in a customer's future purchase behavior (Burton, 1990; Knutson, 1988).

2.2.2. Hotel Attributes for Business Travelers

Research into hotel selection criteria indicates that the most important attributes affecting the business traveler's hotel choice are cleanliness and location (Knutson, 1988; Infometrics National Research Centre, 1989). McCleary *et al* (1993) also found that location was the most important factor influencing hotel selection by all business travelers.

Knutson (1988) examined the differences between business and leisure travelers in an attempt to determine the attributes that attract these two types of travelers to a hotel on the first occasion, and that bring them back. Her findings were that 1). Clean, comfortable, well-maintained rooms; 2). Convenient location; 3). Prompt and courteous service; 4). Safe and secure environment; and 5). Friendly and courteous employees were those factors considered by business and leisure travelers when selecting a hotel for the first time or for repeat patronage.

Lewis (1984, 1985) analyzed 66 hotel attributes to determine the basis of hotel selection for 1,314 business and leisure travelers in six hotels. The findings showed that location and price were the determinant attributes for hotel selection for both business

and leisure travelers. In addition, Lewis (1985) found that security, service quality, and room/bath furnishings/condition were the most important hotel attributes to business traveler staying at a hotel.

Cadotte and Turgeon (1988) examined data from members of the AH&MA (American Hotel & Motel Association) on the relative frequency of 26 categories of complaints and compliments. Survey responses were received from lodging executives, and they reported the five most frequent compliments: 1). Helpful attitude of employees; 2). Cleanliness of establishment; 3). Neatness of establishment; 4). Quality of service; and 5). Employee knowledge of service. The five most frequent areas of complaint were: 1). Price of rooms, meals or other services; 2). Speed of service; 3). Quality of service; 4). Availability of parking; and 5). Employee knowledge of service.

Lewis and Chambers (1989) suggested that location, room rate ranges, and reputation of a hotel or chain were important factors related to all business travelers in selecting a hotel. Overall service quality, room furnishings, security and business services were found to influence an individual's choice of hotel. They argued that a hotel's catering facilities were not important in hotel selection, as there are often many alternative dining choices nearby.

Oberoi and Hales (1990) assessed the key service quality attributes for conference lodging establishments in the United Kingdom. The 54 attributes included in

the questionnaire covered all aspects of the facilities, catering, pricing, and human activities. The top attributes were mainly related to human activities, including employees' reaction, responsiveness, dependability, competence, understandability and abilities. Oberoi and Hales then reduced the initial 54 attributes to 23 attributes. A factor analysis of the 23 attributes was employed to produce a two-factor dimensions. The two resulting dimensions of service quality were functional components (non-physical attributes) and technical components (physical attributes). The results indicated that the functional attributes (non-physical attributes) were major contributors to the overall quality, as perceived by customers.

Riley and Perogiannis (1990) analyzed a sample of both professional conference organizers and hotel managers, asking them to rate the same set of hotel attributes, as suggested by Oberoi and Hales (1990). A consensus was found between conference organizers and hotel managers. Out of the 50 hotel attributes, quality of food, cleanliness of hotel, experienced conference manager, and conference seating appeared to be important to both groups. The discussion revealed that venue selection was very closely related to expected performance of staff and not to location and facility factors (Riley & Perogiannis, 1990).

Taninecz (1990) found that cleanliness, comfort of mattresses and pillows, and quality of towels received the highest ratings from business travelers.

McCleary and Weaver (1991) stated that product-specific attributes, such as membership in a hotel chain's frequent guest program, were likely to influence the brand loyalty of business travelers. In their study, a significant percentage of respondents reported that they would switch chains if the program was dropped.

Barsky and Labagh (1992) found three attributes that both business and leisure travelers considered important in affecting a hotel selection. These were: 1). Employee attitude; 2). Location; and 3). Rooms.

McCleary and Weaver (1992) conducted a survey on business travelers to determine whether participants in the frequent guest programs differ from those of non-frequent guest programs. The respondents were presented with a list of 56 hotel attributes and were asked to indicate their perceived importance of each of the attributes in the hotel selection process. The factor analysis grouped the 56 attributes into 13 factors. Members of the frequent guest programs found the factors: 'Hotel Services', 'Business Services', 'Personal Services', 'Free Services', and 'Airline/Hotel Reward Program' to be more important than their non-member counterparts. Non-members considered only the availability of games rooms and handicapped access, a factor called 'Special Services', to be more important than did frequent guest program members. The components of the highest loading factor, 'Hotel Services', included comfortable mattresses & pillows, bath & wash towels, well-maintained furnishings, friendly service of hotel staff and in-room checkout.

Weaver and Heung's (1993) study showed that cleanliness was the most important factor to both frequent and infrequent business travelers in selecting a hotel. Other important factors included: convenience to business, a good reputation, friendly staff, safety and security, personal care amenities, wake-up calls and pre-arranged check-in, free cable and newspapers, free local telephone calls, no surcharge for long distance calls, a family restaurant, on-premise parking, and no smoking rooms.

Gilbert and Morris (1995) examined the positive aspects of the hotel service business travelers on a business trip. They were: 1). Comfortable bed, good service, and pleasant surroundings; 2). Availability of essential facilities such as fax and photocopier; 3). Relaxing atmosphere; 4). The status (or grading) of the hotel; and 5). Ability to invite a client to a meeting room or restaurant. Negative aspects of the hotel included: 1). Poor service, discomfort and infestation (cockroaches); 2). Noisy room and surroundings; and 3). Non-hygienic food.

Gundersen et al (1996) identified the important factors for satisfaction among business travelers. In their study, respondents were asked to rate their level of satisfaction with the tangible and intangible aspects of three hotel departments: front desk, food and beverage, and housekeeping. The findings revealed that the tangible aspects of the housekeeping department and the intangible aspects of reception appeared to be important for the customers' overall satisfaction. The tangible aspects of the housekeeping department included amenities and the comfort of the hotel rooms. The

intangible aspects of reception consisted of the willingness, ability, and accuracy of staff

to provide service, as well as their ability to provide speedy services. Gundersen *et al*

(1996) argued that specific attention and resources should be paid to these two

departments, as they represent the core aspects and are of critical importance in ensuring

guest satisfaction.

2.2.3. Hotel Attributes for Leisure Travelers

Leisure travelers seem to be more concerned with room rates and value in their

initial hotel selection (Lewis, 1985). Parasuraman *et al* (1985) found that the quality of

personal interactions with employees was a critical component of the service quality

evaluation. Employees' service quality has been cited as important to leisure travelers

when selecting overnight accommodation (Parasuraman *et al*, 1985).

Knutson (1988) found that leisure travelers were mainly concerned with a hotel's

safety and security. The concern may stem from the fact that leisure trips usually involve

families, and these travelers have a high sensitivity to what may occur around them

when their families are involved. Her survey found that more than two-thirds of the

respondents reported the following five factors when selecting a hotel for the first time

or for repeat patronage: 1). Safe and secure environment; 2). Comfortable and well-

maintained room; 3). Convenient location; 4). Prompt service; and 5). Friendly and

courteous employees. Knutson (1988) also found that price was a factor in a repeat hotel selection decision.

According to a survey by RY&P/Yankelovich Partners National Travel Monitor, Banerjee (1994) mentioned that security in the hotel industry remained a top priority for leisure travelers when patronizing a hotel.

Ananth *et al* (1992) found that leisure travelers were likely to express concern with regard to a hotel's reputation and name familiarity. Furthermore, Porter (1980) mentioned that a positive image was one tactic for achieving a competitive advantage. Gronroos (1982) also proposed that corporate image was a major determinant of service quality.

Clow *et al* (1994) developed 14 cues, and asked leisure travelers about the importance of these cues in their next purchase of hotel accommodation. The findings revealed that security was cited as one of the most important criteria in selecting a hotel. The importance of security was affected by past experience, the reputation of hotel, and the behavior of the hotel staff. In addition, it was found that past experience was probably the major factor that directly influences a traveler's evaluation of intangible cues such as security, reputation, dependability, and quality of service.

2.2.4. Hotel Attributes for Asian and Western Travelers in the Asia Pacific Region

Hoon (1992) mentioned that there exists a cross-cultural difference in terms of expectations of hotel facilities and services. Mid-market segments of the hotel industry are likely to take over from the more up-market segments. He stated that nearly 70 percent of travelers to Asia come from the region itself nowadays. Travelers in the Asia Pacific Region are now more content with mid-range, moderately priced hotels rather than the exclusivity of five-star accommodation. Baldwin and Brodess (1993) pointed out the dynamics of the Asia Pacific tourism market, and noted that tomorrow's Asian holiday-makers will demand more short-haul tourist destinations, at a reasonable price in mind. Go *et al* (1994) mentioned that increasing traveler arrivals to Hong Kong from Asian countries especially of those coming from mainland China, Taiwan and Japan gave rise to the development of mid-priced hotels. These travelers tend not to spend too much as compared to their western counterparts. Hotels nowadays have to offer value for money and provide exactly what travelers need.

Bauer *et al* (1993) examined the changing needs of hotel customers in the Asia Pacific region, with a particular emphasis on their demand for hotel facilities. Hotel customers were categorized as having Asian and non-Asian origins. Respondents were managers of 185 Pacific Asia Travel Association (PATA) member properties, and were of different nationalities. They were asked a range of questions on issues such as the type of facilities offered and their usage rates, current and future sources of business,

and changes observed in guest demands and expectations. The facilities that were most utilized by hotel customers were coffee shops, bistros and swimming pools. The major differences between Asian and non-Asian travelers were that Asian travelers wanted more entertainment, in particular karaoke, while their non-Asian counterparts made more use of the health facilities.

2.3. IMPORTANCE-PERFORMANCE ANALYSIS

Many research studies have shown that customer satisfaction is a function of both expectations related to certain important attributes, and judgments relating to the product's or service's actual performance in relation to those attributes (Myers & Alpers, 1968; Swans & Coombs, 1976). The use of the Importance-Performance Analysis (IPA) model addresses both issues of attribute importance and attribute performance (Martin, 1995).

2.3.1. Previous Studies on Importance-Performance Analysis

Importance-Performance Analysis underlies conceptually the multi-attribute models that dates back to the late 1970s (Martilla & James, 1977). The underlying assumption of the IPA technique is that the customers' feedback and satisfaction with the attributes are derived from their expectations and judgments on the product's or service's performance. IPA has become a popular managerial tool commonly used to

identify the strengths and weaknesses of brands, products, services and retail establishments in various industries in recent years (Chapman, 1993; Cheron *et al*, 1989). Martilla and James (1977) employed the IPA technique to analyze the performance of the automobile industry. Hawes *et al* (1982, 1985) used IPA in retirement communities and the health care industry. Sethna (1982) found that IPA is a valid and powerful technique for identifying service quality areas that require strategic remedial actions. Hemmasi *et al* (1994) measured the service quality of hospital services using IPA as an alternative to the traditional SERVQUAL suggested by Parasuraman *et al* (1988). Evans and Chon (1989) used IPA to formulate and evaluate tourism policy in tourist destinations. Keyt *et al* (1994) adopted IPA in restaurant positioning. Lewis (1985) used IPA as a competitive analysis technique to identify travelers' perceptions in the hotel industry. Lewis and Chambers (1989) noted that the effective use of the IPA technique by the Sheraton Hotel Company in monitoring customer satisfaction. Martin (1995) examined service providers' perceptions of customers' expectations of quality service in the hotel industry by using IPA. In an increasingly competitive environment, a determination of the strengths and weaknesses of a product's (or service's) importance and performance seems an indispensable constituent to success.

2.3.2. Steps in Constructing an Importance-Performance Analysis Grid

The use of the IPA technique can be divided into four steps. The first step involves the identification of a list of attributes that are critical and relevant in the study.

The list of attributes can be developed through various means such as reviews of relevant literature, focus group discussions, unstructured personal interviews, and managerial judgments. The list of attributes should be measurable, preferably using an interval scale (e.g., a five- or seven-point scale) that yields a good spread of ratings (Martilla & James, 1977).

The second step involves asking customers: 1). How important are the attributes to them? and 2). How well does the company perform, in relation to the identified attributes?

The third step is to calculate the ratings of the perceived importance and performance of each attribute of the product and service. Martilla and James (1977) suggested that both mean and median values should be computed for comparison. If the two values vary significantly, the median value should be used as a measure of central tendency. Median value is theoretically preferable to mean value because a true interval scale may not exist. If the two values appear very close, the mean value should be used because it can provide additional information for further analysis.

The last step involves plotting the IPA grid. The data is presented in a grid where each 'attribute' can be plotted according to its perceived importance and performance. The two-dimensional grid displays the importance of the attributes on the vertical axis from top (high) to bottom (low), and the performance of the attributes on the horizontal

axis from right (high) to left (low). The resulting graphical representation of the data produces four quadrants (cells), as illustrated in Figure 1.

2.3.3. Benefits of Importance-Performance Analysis

IPA has two major advantages. First, IPA is an inexpensive and easily understood technique. With a simple visual analysis, the results can be displayed graphically on a two-dimensional grid to show the strengths and weaknesses of the attributes being studied (Evans & Chon, 1989). Second, IPA specifically identifies areas for service quality improvements (Chacko & Dimanche, 1994). It provides the information with which management can interpret the results of the grid. Management can then formulate marketing strategies tailor-made to each quadrant. In addition, management can identify the areas where resources and programs need to be concentrated in future and where they might currently be misdirected, according to customer feedback (Alberty & Mihalik, 1989; Evans & Chon, 1989).

Figure 1. Importance-Performance Analysis Grid.
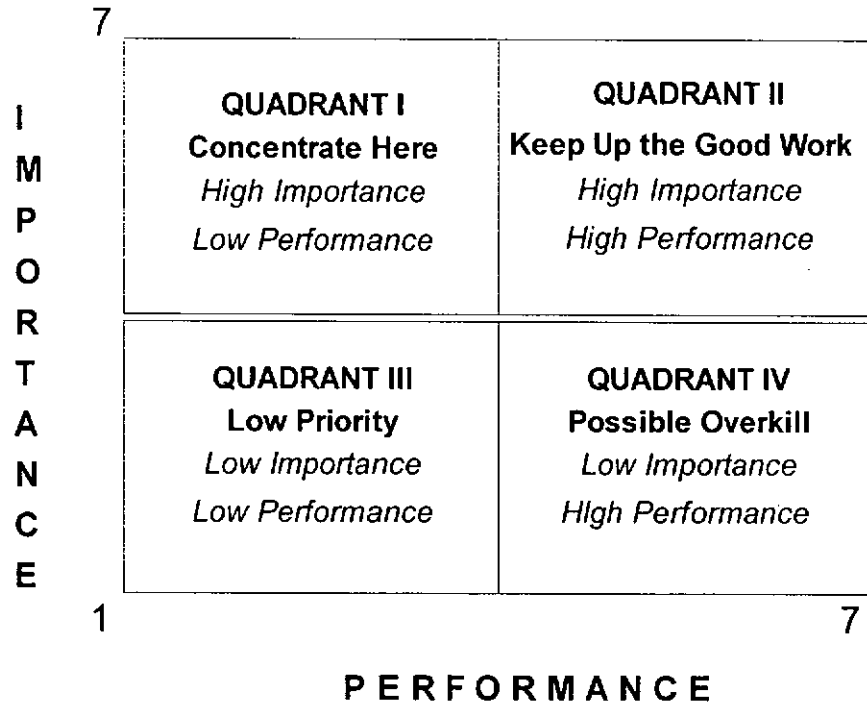
Quadrant I

Attributes are perceived to be very important to the respondents, but performance levels are fairly low. This sends a direct message that improvement efforts should be concentrated here.

Quadrant II

Attributes are perceived to be very important to the respondents, and at the same time, the hotel seems to have high levels of performance on these activities. The message here is to 'keep up the good work'.

Quadrant III

Attributes have low importance and low performance. Although performance levels may be low in this cell, managers should not be overly concerned since the attributes in this cell are not perceived to be very important. Limited resources should be expanded on this 'low priority' cell.

Quadrant IV

This cell contains attributes of low importance, but relatively high performance. Respondents are satisfied with the performance of the organizations, but managers should consider present efforts on the attributes of this cell as being overutilized.

CHAPTER THREE - METHODOLOGY

3.1. THE RESEARCH FRAMEWORK

Figure 2 demonstrates a research framework that is structured, using different statistical techniques, to achieve the following stated objectives. To achieve the stated objectives, a questionnaire instrument is developed to: 1). Identify travelers' beliefs regarding the importance of hotel attributes in hotel selection in Hong Kong; 2). Identify travelers' perceptions of hotel attributes in hotel stay in Hong Kong; 3). Measure travelers' overall satisfaction levels with their hotel stay; 4). Measure travelers' likelihood of returning to particular hotels on a subsequent trip; and 5). Gather data about travelers' traveling and demographic profiles.

Frequency distributions of travelers' demographic and traveling patterns are computed. The **Mean ratings** of travelers' beliefs regarding the importance of hotel attributes in hotel choice decision, and their perceptions towards actual hotels where they stay, are computed to yield the relative weightings of each of the hotel attributes in terms of the travelers' beliefs regarding the importance of those attributes, and their perceptions of the hotels' actual performance in relation to those attributes.

The 'importance' of hotel attributes and 'perception of performance' of hotel attributes are plotted using the **Importance-Performance Analysis** (IPA). IPA

identifies various quadrants or segments, analysis of which will help hoteliers to understand hotel attributes from customers' points of view (importance and perception of performance), and help them to formulate effective strategies, tailor-made to the needs of a target clientele.

Factor Analysis is adopted to reduce the 33 travelers' perception scores of hotel attributes into correlated and meaningful underlying dimensions for further analysis. **Independent Sample *t*-test** is adopted to examine the significant differences of the underlying dimensions of travelers' perceptions of hotel attributes for business and leisure travelers, and for Asian and Western travelers as well. **Multiple Regression Analysis** is employed to: 1). Assess the relative impacts of the underlying dimensions of the travelers' perceptions of hotel attributes in affecting their overall satisfaction levels with hotels in Hong Kong, and 2). Assess the relative impacts of the underlying dimensions of the travelers' perceptions of hotel attributes in affecting their likelihood of returning to a particular hotel on a subsequent trip.

Figure 2. The Research Framework.
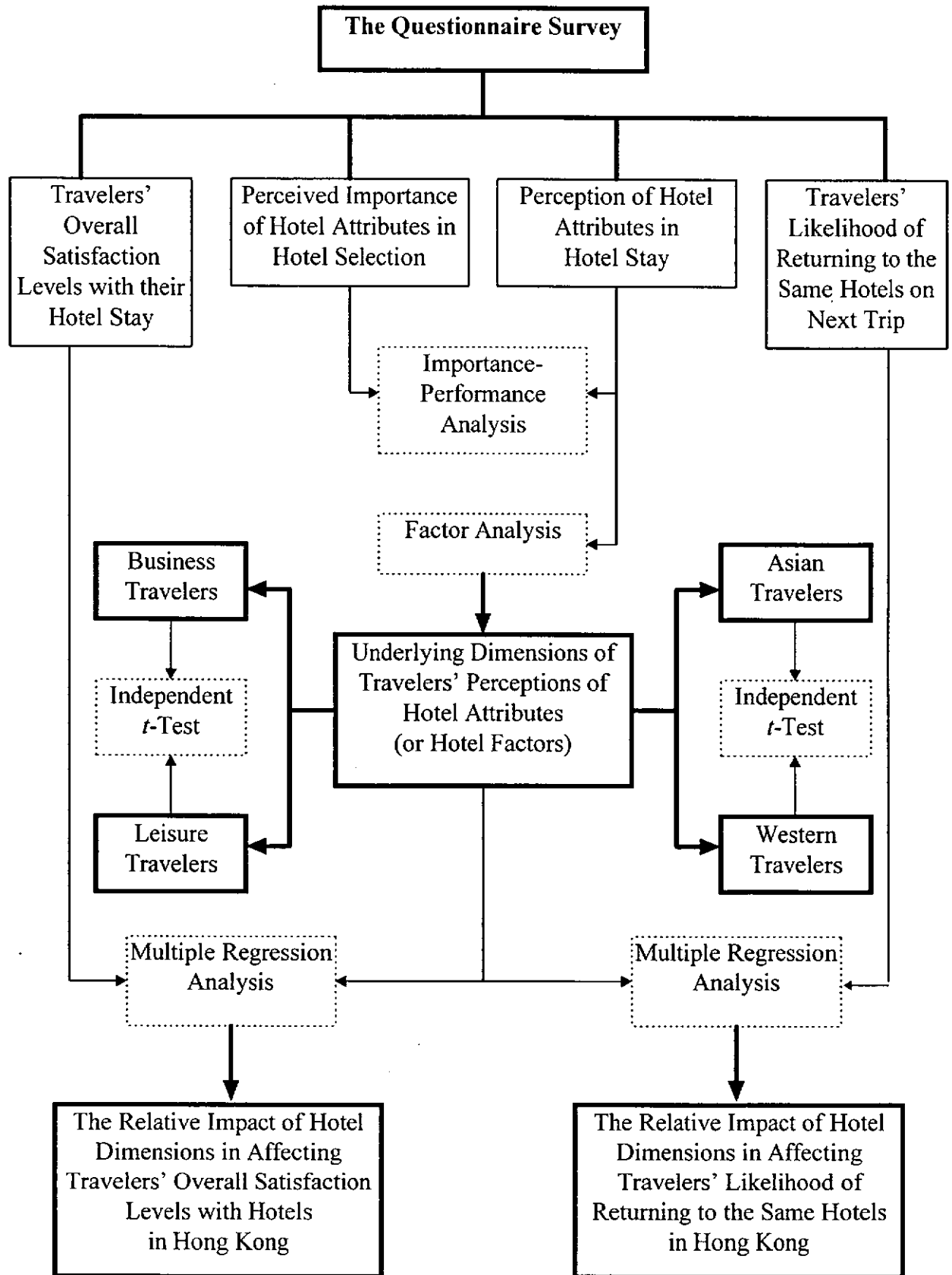
3.2. THE SURVEY INSTRUMENT

3.2.1. The Questionnaire

The instrument consists of a four-section self-administered survey questionnaire.

Section One

The first section of the questionnaire is a screening stage. Two questions are designed to select the suitable travelers to be included into the sample. The first question identifies whether the respondent is a traveler or a local resident. The second question examines whether the traveler has stayed in a hotel during his or her trip. Only those who have been identified as tourists and have stayed in hotels in Hong Kong for the trip are included in the sample and further analyzed.

Section Two

The second section is designed to identify the traveling behaviors of the respondents. The questions include the purpose of visit, hotel choice decision, number of visits to the selected hotel, length of stay, and sources of information used in choosing the selected hotel.

Section Three

The third section of the questionnaire is designed to identify travelers' beliefs regarding the relative importance of hotel attributes when choosing a hotel, their perceptions towards the actual performance of the hotel where they stay, their overall satisfaction level, and their likelihood of returning to the same hotel in the future. Section Three is sub-divided into three parts:

Part 1

Part 1 measures the travelers' beliefs regarding the relative importance of hotel attributes when choosing a hotel. Respondents are asked to rate each of the 33 hotel attributes, in terms of their importance when choosing a hotel, on a seven-point Likert scale ranging from 'extremely important - (7)', 'important - (6)', 'somewhat important - (5)', 'neutral - (4)', 'somewhat unimportant - (3)', 'unimportant - (2)', to 'extremely unimportant - (1)'.

Part 2

Part 2 measures the travelers' perceptions of hotel attributes for a hotel stay. Respondents are asked to rate their level of agreement with statements about for the hotel where they stay on a seven-point Likert scale ranging from 'strongly agree - (7)', 'agree - (6)', 'somewhat agree - (5)', 'neutral - (4)', 'somewhat disagree - (3)', 'disagree - (2)', to 'strongly disagree - (1)'. Respondents are also given the opportunity to respond

'do not know' in this part to avoid meaningless answers if they do not use or know of the services and facilities provided in the hotels where they stay.

Part 3

Part 3 measures the respondents' overall satisfaction levels with their hotel stay, and their likelihood of returning to the same hotel again. To examine their overall satisfaction levels, respondents are asked to rate the hotel on a seven-point Likert scale ranging from 'strongly satisfied - (7)', 'satisfied - (6)', 'somewhat satisfied - (5)', 'average - (4)', 'somewhat dissatisfied - (3)', 'dissatisfied - (2)', to 'strongly dissatisfied - (1)'. Respondents are also asked about their likelihood of choosing the same hotel again on the next trip, on a seven-point Likert scale ranging from 'most likely - (7)', 'likely - (6)', 'somewhat likely - (5)', 'average - (4)', 'somewhat unlikely - (3)', 'unlikely - (2)', to 'most unlikely - (1)'.

Section Four

The fourth section is designed to gather data about the demographic characteristics of the respondents, including gender, age, country of residency, education level, occupation and income level.

3.2.2. Development of the Hotel Attribute List

A review of the relevant literature initially identified 45 hotel attributes. The 45 hotel attributes have been reported in various studies as major factors that influence travelers to choose a particular hotel (Ananth *et al*, 1992; Atkinson, 1988; Burton, 1990; Cadotte & Turgeon, 1988; Clow *et al*, 1994; Knutson, 1988; Lewis, 1985; Marshall, 1993; Parasuraman *et al*, 1988; Wilensky & Buttle, 1988).

To identify the relevant hotel attributes, a list of hotel attributes was screened out in the first stage. The list of hotel attributes was sent to three identified groups, including 10 academic staff from the Department of Hotel and Tourism Management at the Hong Kong Polytechnic University, 12 professionals working in hotels or travel agencies, and 23 travelers who were in the departure hall of the Hong Kong International Airport (10 business travelers, 10 leisure travelers, and 3 transient travelers). Members of the three groups were asked to rate each of 45 hotel attributes in terms of importance when choosing a hotel, on a seven-point Likert scale ranging from 'extremely important - (7)', 'important - (6)', 'somewhat important - (5)', 'neutral - (4)', 'somewhat unimportant - (3)', 'unimportant - (2)', to 'extremely unimportant - (1)'. After a careful screening analysis, 33 of the 45 attributes were selected. These 33 attributes are the most influential factors in hotel selection, and are listed in Table 10.

Table 10. Hotel Attributes for Lodging Choice Decision.

Hotel Attributes	
Accommodation Services	**Personal Services**
• Room should be clean • TV and radio should be of high quality • Bed/mattress/pillow should be comfortable • In-room temperature control should be of high quality • Room should be quiet • Mini bar should be available	• Check-in/check out should be efficient • Wake-up call should be reliable • Valet/laundry service should be efficient • Room service should be efficient • Information desk should be available • International direct dial (IDD) should be available
Hotel Facilities	**Hotel Staff Services**
• Hotel food & beverage facilities should be of great variety • Hotel food & beverage should be of high quality • Leisure facilities should be available (e.g. swimming pool, fitness centre, sauna) • Reservation system should be reliable	• Staff should be helpful • Staff should be polite and friendly • Staff should have neat appearance • Staff should provide efficient service • Staff should understand your requests • Staff should have multi-lingual skills
Business Services	**Location / Price / Feeling / Reputation**
• Secretarial service should be available • Business-related meeting rooms should be available • Business-related facilities should be available (e.g. copy machine, fax machine, computer)	• Hotel location should be convenient • Room should be value for money • Hotel food & beverage should be value for money • Hotel should provide a comfortable ambiance • Hotel should be part of a reputable chain
Security	
• Security personnel should be responsible • Loud fire alarms should be reliable • Safe box should be available	

3.2.3. Translation of the Questionnaire

To improve the readability of the questionnaire by respondents of different nationalities, the questionnaire was translated into three languages: English, Chinese and Japanese. The questionnaire in the English version forms the original version, and was used for North Americans and Europeans. The Chinese version was used for

respondents from mainland China and Taiwan, and the Japanese version was for Japanese respondents. The Chinese questionnaire was translated by the sales manager of a local travel agent in China, and the Japanese version was written by a Japanese tour guide. It was noted that the use of wordings and sentences in the three sets of the questionnaire might be slightly different because of cultural differences among travelers. However, the questionnaire was designed in such a way that it was easy to be understood and it was able to capture travelers' beliefs of importance and their perceptions about the 33 hotel attributes. The sample of the questionnaire in English version is shown in Appendix 2.

3.3. PILOT TEST

3.3.1. Content Validity

A pilot test was performed to test the validity of the content in the questionnaire before the survey was undertaken. Content validity refers to the range of meanings included in the concept that an instrument can cover (Babbie, 1992). To cover the responses from a cultural perspective, a screening and scanning process was adopted. The initial data collection involved 63 respondents at the departure hall of the Hong Kong International Airport. In addition to completing the questionnaire, the respondents were asked to give their views about the clarity and understandability of the questionnaire. Subsequently, several adjustments were made regarding the wording of

the various versions of the questionnaire. Of the 63 respondents in the pilot test, 49 were

males and 14 were females; 25 were on business trips and 26 were on vacation; and 41

were first-time travelers to Hong Kong, while 22 were repeat travelers. Of the 63

respondents, 8 stayed in High-tariff A hotels, 27 in High-tariff B hotels, and 28 in

Medium-tariff hotels. As for the country of residency, 7 came from mainland China, 8

from Taiwan, 3 from Japan, 11 from Southeast Asia, 5 from the United States/Canada

(North America), 15 from Western Europe, 7 from Australia/New Zealand, and the rest

from countries other than those mentioned here.

3.3.2. Convergent Validity

To assess convergent validity, the correlation between the mean rating of the

travelers' perceptions, computed from the 33 hotel attributes, was compared to the

response for the travelers' overall satisfaction level and their likelihood of returning to

the same hotel. The high correlation between the two measures indicates that convergent

validity exists (Pitt *et al*, 1995).

Table 11. Correlation of Mean Rating of Perception of Hotel Attributes with Single-item Overall Measure (N = 31).

	Overall Satisfaction Level	Likelihood of Returning
Mean Rating of Perception	0.55	0.56
p value	≤ 0.001	≤ 0.001

Table 11 shows the convergent validity between the mean travelers' perception of the 33 hotel attributes and their overall satisfaction level, which have a value of 0.55 (p ≤ 0.001). The results indicate that the mean perception of the hotel attributes and the overall satisfaction levels are fairly high and positively correlated. The convergent validity between the mean travelers' perception of hotel attributes and their likelihood of staying in the same hotel was 0.56 (≤ 0.001), indicating that the mean perception of hotel attributes and likelihood of staying in the same hotel are also fairly high and positively correlated.

3.3.3. Reliability

A reliability test was conducted to evaluate the internal consistency of the measurement of importance and perception of the 33 hotel attributes. To assess reliability of the measures, Coefficient Alpha was calculated. Coefficients greater than or equal to 0.50 are generally considered acceptable and are a good indication of construct reliability (Nunnally, 1967). Churchill (1979) mentioned that an Alpha value of at least 0.70 should be considered acceptable as the minimum estimate of reliability for basic research. The Reliability Coefficients of the 33 hotel attributes were 0.9253 (Alpha) on the importance scores and 0.9601 (Alpha) on the perception scores. The two Alpha Coefficients are consistently above the minimum acceptable level identified by Nunnally (1967) and Churchill (1979).

3.4. SAMPLE DESIGN

A sample design consisted of the following three elements: 1). The sampling frame, 2). The sample selection process, and 3). The size of the sample (Churchill, 1995).

The sampling frame is the list of population elements from which the sample will be drawn, i.e., the sampling frame determines which groups are to be covered by the research (Churchill, 1995). In this study, the target population includes those international travelers who departed from the Hong Kong International Airport between the 13th and 23rd of August 1996 (nine days). In this study, a traveler is defined as any individual who is a temporary visitor, possessing a fixed place of abode, traveling in the expectation of business or pleasure, and who stays overnight at a place other than his or her own, and involving an exchange of money (Ananth *et al*, 1992).

Permission to implement the survey was granted by the Hong Kong Airport Authority, and the survey was undertaken in the restricted area (waiting area) of the Departure Hall area (See Appendix 3). There are 11 security passage exits - every traveler has to pass through one of them for a security check before entering the restricted area. The sample was drawn from those who had passed through the security check and entered the restricted area.

The sample selection process requires that the form of the sample be specified (Churchill, 1995). Probability sampling techniques were used because they provide a more scientific and objective approach. Probability sampling ensures that every person in the group to be interviewed has an equal opportunity of being included in the sample. In this study, systematic sampling and simple random sampling approaches were employed to draw the samples.

In using systematic sampling, the sample interval (k) should be determined. The sample interval (k) is derived based on a two-fold process. The first step is to find out the number (or potential lists) of travelers who departed by air in August 1996. Owing to the unavailability of adequate information on traveler departures, the number of traveler departures by air was estimated using the number of traveler arrivals by air in August 1995 (See Table 12). According to HKTA's Visitor Arrival Statistics (August 1995), 613,954 travelers arrived Hong Kong in August by air. Since 613,954 traveler departed from the Airport over a period of 31 days, the number of travelers per day was 19,805 (613,954 travelers / 31 days). Also, the Hong Kong International Airport operates 18 hours per day, so the number of travelers leaving Hong Kong per hour is approximately 1,100 (19,805 travelers / 18 hours). As mentioned earlier, there are 11 security entrances to the restricted area of the Departure Hall, so the number of travelers passing through each security entrance per hour is 100 (1,100 travelers / 11 security entrances). Table 12 shows the details of the estimated traveler departures.

Table 12. Estimation of Traveler Departures by Air in August 1996.

August 1996	Calculation	Number of Visitors
Number of Visitor Departures by Air (August 1995)		613,954
Number of Visitor Departures per Day	613,954 / 31 days	19,805
Number of Visitor Departures per Hour*	19,805 / 18 hours	1,100
Number of Visitor Departures per Hour by Security Entrance**	1,100 / 11 entrances	100

* The operating period of the Hong Kong International Airport is from 6:00am to 12:00 midnight (18 operating hours).
** There are 11 security entrances at the Hong Kong International Airport.

The second step in this study is to identify the estimated number of samples per day (See Table 13). The time period of the survey was divided into 3 phases. Each phase consisted of a three-hour period: 10:00am to 1:00pm; 2:00pm to 5:00pm; and, 6:00pm to 9:00pm. The simple random approach for security entrance selection was adopted every day during the nine-day survey, so that every entrance had an equal chance of being selected for the survey. Because of time and resource constraints, only one out of the eleven security entrances was randomly selected for the field survey, with one research helper acting as interviewer and one counting the sample interval. Since we have estimated that 900 travelers would enter the restricted area in the three-hour period per day and have determined 60 travelers as the daily sample, the sample interval ($k = 15$) can be calculated (900 travelers / 60 samples). This indicates that every 15th traveler passing through the security entrance of the departure hall of the Hong Kong International Airport was chosen as the sample in this study, resulting in a daily sample composition of 60 travelers. As well, a random starting number was chosen for each

phase of the surveyed period, according to the simple random table. Table 13 shows the estimated sample size per day.

The sample size, with a daily sample size of 60 travelers over a nine-day period, provides a total sample size of 540 travelers in this study.

Table 13. Estimated Number of Samples Per Day by Surveyed Security Entrance.

Questionnaire Survey Schedule	Number of Visitors	Sample Interval k	Random Starting Number	Sample in each Phase
10:00 am - 1:00 pm	300*	15**	5	20
2:00 pm - 5:00 pm	300	15	13	20
6:00 pm - 9:00 pm	300	15	2	20
Total Target Population Per Day by Entrance	900		Total Sample Per Day by Entrance	60

* Per hour visitors by entrance x 3 hours : 100 x 3 = 300.
** Sample interval k = Target population per day / Sample size per day : 900 / 60 = 15.

3.5. DATA ANALYSIS

To achieve the stated eight objectives and to test the four hypotheses (See Chapter One), both descriptive (Frequencies and Importance-Performance Analysis) and influential (Factor Analysis, Independent Sample t-Test and Multiple Regression Analysis) statistical analyses are employed in the study.

3.5.1. Coding and Data Entry

A coding sheet was designed to code all the questions in the questionnaire in a systematic way. Data was computed using the Statistical Packages for Social Science (SPSS, Windows Version 6.0) program, and all the analyses were performed using the SPSS program. It was noted that all statistical analyses were generated according to the criterion of 'Exclude case listwise' in the SPSS program. 'Exclude case listwise' denotes that the SPSS program takes into account only cases with valid values for all variables in the instrument (Noursis, 1994). The rationale is that we want to access the most valid and reliable data from our samples, reflecting that all our samples are willing to respond to all the answers captured in the questionnaire.

3.5.2. Descriptive Statistics

This study adopts the descriptive statistics to consolidate the data including the frequencies and the Importance-Performance Analysis.

3.5.2.1. Frequency Analysis

A frequency analysis was conducted for all the questions (from section 1 to 3) in the questionnaire to analyze the distribution of the responses. Furthermore, mean ratings were computed for the importance of hotel attributes (Objective One: to rank the travelers' beliefs concerning the importance of hotel attributes in hotel selection) and the

perceptions of hotel attributes rated by the travelers (Objective Two: to rank travelers' perceptions of performance of hotel attributes during a hotel stay).

3.5.2.2. *Importance-Performance Analysis*

Importance-Performance Analysis was used to plot mean ratings of the importance and performance of each of the hotel attributes, as rated by travelers into four quadrants. (Objective Three: To categorize travelers' beliefs concerning the importance of hotel attributes, and their perceptions of hotels' actual performance in relation to those attributes). According to Martilla and James (1977), the Importance-Performance Analysis involves the calculation of the importance and performance of each attribute under study. The data is presented in a two-dimensional grid, where each 'attribute' has been plotted according to its perceived importance and performance. The two-dimensional grid displays the importance of attributes on the vertical axis ranging from top (high) to bottom (low), and the performance of attributes on the horizontal axis ranging from right (high) to left (low). Figure 1 (See Chapter Two) shows the resulting graphical representation of the data produced, in a 4-quadrant grid.

3.5.3. Inferential Statistics

Inferential statistics were used to display the relationships that cannot otherwise be perceived, permitting the establishment of causal relationships for the hotel attributes

and customer satisfaction, and the hotel attributes and a traveler's likelihood of returning to the same hotel on a subsequent trip.

3.5.3.1. Factor Analysis

Principal components factor analysis with varimax rotation was used to: 1). Summarize the information contained in the original attributes (variables) into smaller sets of newly correlated composite dimensions, which explain most of the variables among the attributes; and 2). Apply the derived factor scores in subsequent multiple regression analysis. In this study, factor analysis was implemented to identify the underlying dimensions of the 33 perception scores of hotel attributes, measured on a seven-point Likert scale ranging from 'strongly agree - (7)' to 'strongly disagree - (1)'. The Principal Components and Orthogonal (VARIMAX) rotation methods were used in the factor analysis (Objective Four: to identify the underlying dimensions of travelers' perceptions of the hotel attributes during a hotel stay).

3.5.3.1.1. Validity of using Factor Analysis

Since factor analysis can identify a relatively small number of factors representing the relationships among sets of many interrelated variables, inter-correlations among variables should be strong. Therefore, the correlation matrix for 33 perception variables need to be computed (Noursis, 1994).

Secondly, Bartlett's test of sphericity is used to hypothesize that the correlation matrix is an identity matrix; all diagonal terms are 1 and all off-diagonal terms are 0. If the hypothesis that the population correlation matrix is an identity cannot be rejected because the observed significance level is large, the use of the factor model should be reconsidered (Noursis, 1994).

Thirdly, another indicator of the strength of the relationship among variables is the partial correlation coefficient. If the variables share common factors, the partial correlation coefficients between pairs of variables should be small when the linear effects of the other variables are eliminated. The partial correlations are estimates of the correlations between the unique factors and are close to zero when the factor analysis assumptions are met (Noursis, 1994).

In addition, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index for comparing the magnitudes of the observed correlation coefficients with the magnitudes of the partial correlation coefficients (Noursis, 1994).

Lastly, communality, which is the squared multiple correlation coefficient between a variable and all other variables, is another indication of the strength of the linear association among the variables. Communalities can range from 0 to 1, with 0 indicating that the common factors explain none of the variance and 1 indicating that all the variance can be explained by the common factors (Noursis, 1994).

3.5.3.1.2. Interpretation of the Factors

The determination of inclusion of a variable in a factor is based on factor loadings, eigenvalue and the percentage of variance explained. First, factor loadings represent the correlation between an original variable and its respective factor, and only factor loadings equal to or greater than 0.50 can be included in a factor. Second, only factors with eigenvalues equal to or greater than 1 are considered significant. The rationale for retaining all factors with eigenvalues greater than 1 is that individual factors should account for at least the variance of a simple variable. Third, the result of the factor analysis that accounted for at least 60 percent of the total variance can be considered as a satisfactory solution.

The principal component factor method is used to generate the initial solution. Principal component analysis is chosen to identify the minimum number of factors that account for the maximum proportion of variance. The underlying assumption is that the specific and error variance represent only a small proportion of the total variance. The eigenvalues (EV $\geq$ 1) suggest that there exists a seven-factor solution in this study. Subsequently, the seven factors are rotated using the varimax criterion. Varimax rotations are designed to minimize the number of variables that have high loadings on the same factor.

3.5.3.2. Independent Sample t-Test Analysis

An independent sample t-test is employed to identify the significant differences in travelers' perceptions of the underlying dimensions of hotel attributes during a hotel stay, for business and leisure travelers (Objective Five). Since business and leisure travelers are two independent groups, Hypothesis One (H_A : There will be a significant difference in perceptions of underlying dimensions of hotel attributes in hotel stay between business and leisure travelers) will be tested by using the independent sample t-test to determine the significance of the difference in mean scores for business and leisure travelers' perceptions of the underlying dimensions of the hotel attributes.

Furthermore, the independent sample t-test is used to find out whether a significant difference exists between the Asian and Western travelers' perceptions in relation to the underlying dimensions of hotel attributes in a hotel stay (Objective Six). Again, as Asian and Western travelers belonged to two independent groups, it is appropriate to use the independent sample t-test to test Hypothesis Two (H_A : There will be a significant difference in perceptions of underlying dimensions of hotel attributes in hotel stay between Asian and Western travelers).

3.5.3.3. Multiple Regression Analysis

Multiple regression analysis is employed to examine whether a group of independent (predictor) variables, constituting seven hotel factors, exerts a significant influence on the dependent (criterion) variables: 1). Travelers' overall satisfaction levels

with their hotel stay, and 2). Travelers' likelihood of returning to the same hotel on a subsequent trip.

Regression analysis is used for two main purposes in this study: prediction and explanation (Fok *et al*, 1995). In relation to prediction, the criterion variable is to be predicted given a set of values for the predicting variables. The prediction is made based on the regression model with the multiple correlation coefficient (R), coefficient of determination (R^2) and, F-ratio. R represents the correlation between the dependent variable and the weighted sum of the independent variables. R ranges from -1 to +1. The higher the value of R, the stronger the correlation, positive or negative. The coefficient of determination (R^2), which is equal to the square of the correlation coefficient, illustrates the amount of variation of the dependent variable explained by the set of independent variables. The higher the value of R^2, the greater the explanatory power of the equation and the better the prediction. Most behavioral scientists consider an R^2 of 0.50 to 0.60 to be acceptable (Lewis, 1985). An F-ratio, which expresses as a ratio of the mean square due to regression (MSR) to mean square error (MSE), is the overall test for 'goodness of fit' of the regression model. The better the regression model, the larger will be the F value. In other words, the independent variables have significant impact on the dependent variable.

Another objective of using multiple regression analysis is to measure the relative importance of the independent variables in explaining the variance in the dependent

variable. This is to identify that which one of the underlying dimensions of travelers' perceptions of hotel attributes (derived from the Factor Analysis) will exert the most significant impact on travelers' overall satisfaction levels (Objective Seven) and their likelihood of returning to the same hotel on their next trip (Objective Eight). The use of Factor Analysis, which produces standardized factor scores of the underlying dimensions of hotel attributes used as independent variables, manages to reduce multicollinearity in the multiples regression analysis (Fok *et al*, 1995). Thus, the standardized regression coefficients (Beta coefficients/weights) can accurately reflect the predictive and explanatory powers of the independent variables on the dependent variable.

For Objective Seven, the dependent variables, travelers' overall satisfaction with the services offered by the hotels, is measured on a seven-point Likert-type scale, and is used as a surrogate indicator of the travelers' overall evaluation of service quality. Standardized factor scores of the underlying dimensions are used as independent variables. The significant factors that remain in the equation are shown in order of importance based on the beta coefficients. The higher the coefficient, the more likely it is that the factor can explain the hotel attributes' contributions to the travelers' satisfaction levels. Multiple regression is used to test Hypothesis Three (H_A : There will be a significant difference in the relative importance of each of the underlying dimensions of perceptions of the hotel attributes in affecting the travelers' overall satisfaction levels with hotels in Hong Kong).

Similarly, for Objective Eight, the dependent variables, travelers' likelihood of returning to a particular hotel on a subsequent trip, is measured on a seven-point Likert-type scale, and is used as a surrogate indicator of the travelers' overall evaluation of service quality. The significant factors that remain in the equation are shown in order of importance based on beta coefficients. The higher the beta coefficient, the more likely it is that the factor can explain the hotel attributes' contributions to the travelers' likelihood of returning to the same hotel. In addition, multiple regression is used to test Hypothesis Four (H_A : There will be a significant difference in the relative importance of each of the underlying dimensions of perceptions of the hotel attributes in affecting the travelers' likelihood of returning to a particular hotel on a subsequent trip).

3.5.3.3.1. Assumptions Regarding the use of Regression Analysis

Firstly, regression analysis assumes that there is a linear relationship between the dependent (criterion) variable and the independent (predictor) variables. The equation derived from the regression analysis is expressed as follows:

$$Y = A + B_1 X_1 + B_2 X_2 + \ldots + B_k X_k + E$$

where,

Y   :   dependent (criterion) variable;

A   :   constant (coefficient of intercept);

$X_1 , \ldots X_k$:   independent (predictor) variables;

$B_1 , \ldots B_k$:   regression coefficients; and,

E   :   standard error (the deviations of Y from the regression line and the

primary source of error in trying to predict the values of Y

Secondly, regression analysis assumes that the dependent variable is a random variant with no autocorrelation. Lastly, regression analysis assumes that the independent variables are normally independently distributed with means equal to zero and identical variance. If the dependent variable seems to have more variation for a certain combination of the independent variables than the other, transformation can be applied to the dependent variable before proceeding with multiple regression analysis.

3.6. LIMITATIONS OF THE STUDY

There are some limitations in this study that need to be acknowledged. These limitations include:

Hotel Attributes

The hotel attributes used in the study limited to the 33 identified hotel attributes. There could be some other attributes which may be perceived as important by some travelers, but which were excluded in the questionnaire.

Type of Hotel

As the research is targeted at the Hong Kong Hotel Industry as a whole, investigations and discussions on the effect of type of hotel (High-Tariff A, High-Tariff B and Medium-Tariff hotels) on travelers in hotel stay, their overall satisfaction levels and the likelihood of returning were ignored. Thus, a bias may exist due to the fact that travelers have different perceptions towards different categories of hotels.

Sampling Determination

Owing to the lack of actual figures, the estimate of the sample from visitor departures was determined using available data on visitor arrivals. Thus, there may have been an incorrect interpretation, in particular in relation to the calculation of the sample interval (k) from systematic sampling.

The survey period lasted only for nine days in August. The sample identified in this nine-day survey period in August may not be a representative sample of the whole population.

Furthermore, the survey time lasted for only 9 hours out of the airport's 18 operating hours. Thus, there may have been other potential travelers who were excluded from the sample.

Due to limited manpower resources, only one of eleven security passages was randomly selected as the target surveyed passage.

One of the most important potential non-sampling errors is the risk of discussion among the respondents in answering the questionnaire. To minimize this error, the respondents were instructed to the questionnaire individually.

Data Analysis

Factor analysis forms an extremely important component in this study as it was used to identify new dimensions of hotel factors for subsequent analysis. However, factor analysis is a subjective process. The determination of the number of factors, the interpretation of the factors, and the rotation selected involve subjective judgments. Moreover, there were no statistical tests employed in factor analysis. Therefore, it is possible that the results generated from factor analysis do not reflect meaningful conclusions, in terms of identifying the underlying dimensions of travelers' perceptions of hotel attributes in the Hong Kong hotel industry.

CHAPTER FOUR - RESULTS

4.1. DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Of the 540 travelers who were asked to fill in the questionnaire in the nine-day

survey period (13th - 23rd, August 1996), 479 completed the questionnaires in full. The

remaining 61 interviewees either refused to participate or else they were local residents.

Therefore, the response rate was 88.7 percent, which is legitimately acceptable. Of the

479 questionnaires, 402 were found to be usable in this study and the rest were

incomplete.

Table 14 shows the characteristics of the respondents. The majority of the

interviewed respondents were male (64.9%) and the rest were female (35.1%). More

than 80 percent of the respondents (N = 330) were aged between 21 and 50, and only 3.5

percent and 14.4 percent were aged under 21 or over 50, respectively. The country of

residence seems to be evenly distributed, i.e., West European travelers represented the

largest group size with a share of 19.7 percent, followed closely by mainland China

(16.2%), South East Asia (14.7%), Taiwan (13.9%), North America (11.4%); and of all

those reported, Australia (8.0%). More than 70 percent (N = 284) of the respondents

interviewed had a university/college or postgraduate education, about 28 percent had a

middle to high school education, and only 1.2 percent had a primary education. The

survey also indicated that 21.6 percent of the respondents interviewed held a

professional position; 21.4 percent held a management/administration position; 13.2 percent were self-employed; 11.2 percent were white collar workers; and only 1.2 percent were blue collar workers. Nearly 25 percent of the respondents had an annual income of less than US$10,000; 37.1 percent had an annual income between US$10,001 and US$50,000; 26.2 percent had an annual income between US$50,001 and US$90,000, and 12.9 percent had an annual income over US$90,001.

Table 14. Demographic Profile of Respondents (N = 402).

Sex	N	%	Age	N	%
Male	261	64.9	20 or below	14	3.5
Female	141	35.1	21 - 30	95	23.6
			31 - 40	121	30.1
Country of Residence	**N**	**%**	41 - 50	114	28.4
China	65	16.2	51 - 60	45	11.2
Taiwan	56	13.9	61 or above	13	3.2
Japan	42	10.4			
South East Asia	59	14.7	**Education Level**	**N**	**%**
North America	46	11.4	Primary	5	1.2
West Europe	79	19.7	Middle	20	5.0
Australia/New Zealand	32	8.0	High School	93	23.1
Others	23	5.7	University/College	242	60.2
			Postgraduate	42	10.4
Occupation	**N**	**%**	**Annual Income**	**N**	**%**
Management/Administration	86	21.4	≤ US$10,000	96	23.9
Professional	87	21.6	US$10,001 - $20,000	26	6.5
Self Employed	53	13.2	US$20,001 - $30,000	48	11.9
White Collar Worker	45	11.2	US$30,001 - $40,000	41	10.2
Blue Collar Worker	5	1.2	US$40,001 - $50,000	34	8.5
Sales	29	7.2	US$50,001 - $60,000	27	6.7
Civil Servant	15	3.7	US$60,001 - $70,000	30	7.5
Student	33	8.2	US$70,001 - $80,000	24	6.0
Retired/Not in Work Force	27	6.7	US$80,001 - $90,000	24	6.0
Others	22	5.5	≥ US$90,001	52	12.9

4.2. TRAVELING CHARACTERISTICS OF THE RESPONDENTS

Table 15 indicates the traveling characteristics of the respondents. The majority of the respondents had stayed at Medium-Tariff (45.8%) or High-Tariff B (42.0%) hotels, and only 12.2 percent (N = 49) of the respondents had stayed at High-Tariff A

hotels (See Appendix 4 for detailed distribution). Almost all respondents (85.3%) came

to Hong Kong for vacation or business/meetings purposes; only 9.2 percent and 4.2

percent interviewed were in transit or visiting friends/relatives, respectively. Nearly 70

percent of the respondents were first time visitors, while the rest were repeat visitors.

Nearly 70 percent of the respondents had stayed for 2 to 5 nights, 20.6 percent had

stayed for only 1 night and almost 10 percent had stayed for more than 5 nights.

Regarding the hotel choice decision, nearly 40 percent of respondents had booked the

hotels based on the recommendation of travel agencies, while 27.6 percent had chosen

the hotels on their own. More than 40 percent (N = 171) of the respondents had obtained

hotel information from travel agencies; 22.9 percent had acquired hotel information

from business associates (or companies); 16.2 percent from friends and relatives; and

only 1.5 percent (N = 6) had gained their hotel information from TV/radio channels.

Table 15. Traveling Profile of Respondents (N = 402).

Type of Hotel	N	%	No. of Times	N	%
High-Tariff A	49	12.2	1 Time	277	68.9
High-Tariff B	169	42.0	More than 1 Time	125	31.1
Medium-Tariff	184	45.8			

Purpose of Visit	N	%	No. of Nights Spent	N	%
Business/Meetings	170	42.3	1 Night	83	20.6
Visit Friends/Relatives	17	4.2	2 - 3 Nights	171	42.5
Vacation	173	43.0	4 - 5 Nights	108	26.9
En Route	37	9.2	6 - 7 Nights	25	6.2
Others	5	1.2	$\geq$ 7 Nights	15	3.7

Hotel Choice Decision	N	%	Source of Information	N	%
Own Decision	111	27.6	Travel Agencies	171	42.5
Friend/Relative's Decision	53	13.2	Airlines	20	5.0
Company's Decision	71	17.7	Travel Brochure/Magazines	23	5.7
Travel Agent's Decision	155	38.6	TV/Radio Commercials	6	1.5
Others	12	3.0	Friends/Relatives	65	16.2
			Business Associates	92	22.9
			National Tourist Organizations (e.g. HKTA)	7	1.7
			Others	18	4.5

4.3. BELIEFS REGARDING THE IMPORTANCE OF HOTEL ATTRIBUTES IN HOTEL SELECTION

Regarding the relative importance of attributes in hotel choice decision, 13 out of 33 attributes with a mean score of 6.0 or above on a scale of 1 (extremely unimportant) to 7 (extremely important) are considered to be critical attributes (See Table 16). The study shows that room cleanliness is ranked as the top attribute, followed by helpfulness of staff, understandability of guests' requests, convenience of the hotel's location,

quietness of room and so forth. Of these 13 attributes, 4 are associated with room qualities, 5 are related to staff qualities, 2 are related to safety and security, 1 is related to convenience and 1 is related to value for money. The same 13 attributes have also been found to be the most important attributes in various studies in lodging choice decision (Ananth *et al*, 1992; Atkinson, 1988; Barsky & Labagh, 1992; Burton, 1990; Cadotte & Turgeon, 1988; Heung *et al*, 1996; Knutson, 1988; Lewis, 1985; Marshall, 1993; Rivers *et al*, 1991; Schaefer *et al*, 1995; Taninecz, 1990; Weaver & Heung; 1993).

Attributes considered to be less important to travelers are normally related to a hotel's general amenities such as leisure facilities, food and beverage facilities, valet/laundry services and so forth. In particular, attributes associated with the provision of business services, including business-related facilities, secretarial services and business-related meeting rooms, have been rated as the least important by travelers. It appears that there are differences in the selection criteria for business and leisure travelers. However, several studies show that location, room rate ranges, cleanliness, and staff behavior, rather than such attributes as the provision of business services and facilities, are considered important to business travelers (Knutson, 1988; Lewis, 1984, 1985; Lewis & Chambers, 1989; McCleary *et al*, 1993).

Table 16. Important Attributes in Hotel Selection (N = 402).

Attribute	Valid N	Mean[1]	Std Dev
Room is clean	402	6.43	.91
Staff are helpful	402	6.32	.93
Staff understand your requests	402	6.30	.94
Hotel location is convenient	402	6.29	.96
Room is quiet	402	6.24	1.02
Staff are polite and friendly	402	6.23	1.00
Bed/mattress/pillow are comfortable	402	6.20	.99
Staff provide efficient service	402	6.19	1.02
Loud fire alarms are reliable	402	6.16	1.25
Room is value for money	402	6.16	1.08
In-room temperature control is of high quality	402	6.11	.99
Check-in/check out are efficient	402	6.03	1.13
Security personnel are responsible	402	6.01	1.30
Hotel provides comfortable ambiance	402	5.99	1.16
Staff have multi-lingual skills	402	5.90	1.24
Staff have neat appearance	402	5.88	1.14
International direct dial (IDD) is available	402	5.85	1.63
Reservation system is reliable	402	5.76	1.43
Safe box is available	402	5.61	1.63
Information desk is available	402	5.58	1.45
Hotel food & beverages are value for money	402	5.57	1.43
Wake-up call is reliable	402	5.26	1.87
Room service is efficient	402	5.25	1.65
Food & beverages are of high quality	402	5.00	1.73
Leisure facilities are available (e.g. swimming pool, fitness centre, sauna)	402	4.73	1.87
Valet/laundry service is efficient	402	4.65	1.81
TV and radio are of high quality	402	4.64	1.57
Food & beverage facilities are of great variety	402	4.52	1.75
Business-related facilities are available (e.g. copy machine, fax machine, computer)	402	4.50	2.13
Hotel is part of a reputable chain	402	4.45	1.85
Secretarial service is available	402	3.87	2.03
Mini-bar is available	402	3.83	1.85
Business-related meeting rooms are available	402	3.79	2.12

[1] Mean Scale: 1 - extremely unimportant to 7 - extremely important

4.4. PERCEPTIONS OF HOTEL ATTRIBUTES IN HOTEL STAY

Table 17 shows the travelers' perceptions of hotel attributes. Of the 33 hotel attributes, cleanliness of the room is considered to be the most important attribute, with a mean score of 6.03, followed by convenience of the hotel's location (5.89). Of the top ten attributes, this study finds that almost all of the attributes are associated with human factors, including appearance, friendliness/politeness, helpfulness, efficiency, responsibility (security) and check-in/check-out. The results indicate that most of the travelers would agree that hotel staff members are able to provide the services that meet their needs. In addition, 24 out of the 33 attributes have a mean score of 5.0 or above. These 24 attributes relate to dimensions such as room qualities/facilities, staff qualities and provision of services by staff. The results indicate that travelers would find hotel room qualities and staff qualities in hotels in Hong Kong fairly satisfactory.

Regarding the attributes such as provision of food and beverage services, leisure facilities and business-related services, the results show that travelers value these attributes, but they give these a lower rating than those attributes related to room and human factors. Even though travelers know that these facilities (food & beverage, leisure and business services) are available, they rarely consume them (See the valid number of these variables). According to the HKTA's figures for tourism expenditures in Hong Kong (1987 - 1995), travelers spent almost 50 percent of total receipts on shopping, 30 percent on meals out, and 13 percent on entertainment and tours. Hong

Kong, renowned as a 'Shopping and Food Paradise', has long been attracting travelers to

spend considerable sums on entertainment (i.e., shopping, tours and meals outside).

Table 17. Perception of Hotel Attributes in Hotel Stay (N = 402).

Attribute	Valid N	Mean[1]	Std Dev
Room is clean	401	6.03	1.07
Hotel location is convenient	397	5.89	1.38
Staff have neat appearance	401	5.86	1.13
Staff are polite and friendly	400	5.82	1.25
Staff are helpful	393	5.82	1.18
Security personnel are responsible	347	5.80	1.13
Staff provide efficient service	391	5.76	1.22
Loud fire alarms are reliable	316	5.74	1.15
Check-in/check out are efficient	398	5.70	1.30
In-room temperature control is of high quality	401	5.69	1.31
International direct dial (IDD) is available	369	5.63	1.23
Bed/mattress/pillow are comfortable	399	5.61	1.28
Room is quiet	402	5.59	1.44
Reservation system is reliable	385	5.58	1.40
Staff understand your requests	394	5.57	1.37
Safe box is available	357	5.54	1.64
Information desk is available	369	5.52	1.37
Wake-up call is reliable	332	5.51	1.52
Hotel provides comfortable ambiance	398	5.44	1.47
Staff have multi-lingual skills	387	5.32	1.42
Room service is efficient	348	5.30	1.40
Room is value for money	381	5.27	1.44
TV and radio are of high quality	392	5.06	1.41
Food & beverages are of high quality	372	5.02	1.45
Valet/laundry service is efficient	319	4.93	1.61
Mini-bar is available	375	4.90	1.73
Food & beverage facilities are of great variety	368	4.83	1.59
Hotel food & beverages are value for money	363	4.77	1.54
Business-related facilities are available (e.g. copy machine, fax machine, computer)	325	4.72	1.85
Hotel is part of a reputable chain	341	4.62	1.84
Secretarial service is available	316	4.33	1.78
Leisure facilities are available (e.g. swimming pool, fitness centre, sauna)	351	4.23	1.81
Business-related meeting rooms are available	310	4.22	1.82

[1] Mean Scale: 1 - strongly disagree to 7 - strongly agree

4.5. TRAVELERS' OVERALL SATISFACTION LEVELS WITH THEIR HOTEL STAY

Table 18 illustrates that almost 60 percent of the respondents were satisfied with the hotels' services and facilities in Hong Kong, whereas only 11.2 percent (N = 45) were dissatisfied with their hotel stay. The mean rating of the travelers' overall satisfaction score is 5.27 (Std. Dev. = 1.45) on a scale of 1 to 7, indicating that the respondents are in general satisfied with the hotels in Hong Kong .

Table 18. Travelers' Overall Satisfaction Levels with their Hotel Stay (N = 402).

Item Choice	Frequency	Percent (%)	Cumulative Percent (%)
Strongly Satisfied	59	14.7	14.7
Satisfied	174	43.3	58.0
Somewhat Satisfied	69	17.2	75.2
Average	55	13.7	88.9
Somewhat Dissatisfied	20	5.0	93.9
Dissatisfied	11	2.7	96.6
Strongly Dissatisfied	14	3.4	100.0

4.6. TRAVELERS' LIKELIHOOD OF RETURNING TO PARTICULAR HOTELS ON A SUBSEQUENT TRIP

Table 19 illustrates the travelers' likelihood of returning to the same hotels on a subsequent trip. With regard to the respondents' likelihood of returning to the same hotel on their next trip, 51 percent of the respondents indicated that they were likely to return to the same hotel on their next trip, and only 19.4 percent (N = 78) were unlikely to return to the same hotel on their next trip. The mean rating of the travelers' likelihood

of returning is 4.98 (Std. Dev. = 1.78) on a scale of 1 to 7, indicating that the

respondents are somewhat likely to return to the same hotel on their next trip.

Table 19. Travelers' Likelihood of Returning to Particular Hotels on their Next Trip (N = 402).

Item Choice	Frequency	Percent (%)	Cumulative Percent (%)
Most Likely	75	18.7	18.7
Likely	130	32.3	51.0
Somewhat Likely	71	17.7	68.7
Average	48	11.9	80.6
Somewhat Unlikely	25	6.2	86.8
Unlikely	22	5.5	92.3
Most Unlikely	31	7.7	100.0

4.7. IMPORTANCE-PERFORMANCE OF HOTEL ATTRIBUTES

4.7.1. Development of the Importance-Performance Analysis Grid

Table 20 shows the mean score and standard deviation for the 33 hotel attributes

in the survey on both question categories of **Importance** and **Performance**. The data is

then transferred onto the IPA grid presentation. Figure 3 illustrates the results of the

Importance-Performance mapping analysis. The X-axis represents the average

perception of Performance scores related to travelers' experience of hotel services and

facilities. The Y-axis represents the relative weights of the 33 Importance items related

to hotel selection.

The four quadrants in Figure 3 are constructed based on the mean scores of the Importance and Performance ratings (Hemmasi *et al*, 1994). The Importance mean for the pooled data is 5.49, and the perception of Performance mean is 5.22. The Performance mean and Importance mean then provide the grid gross-hairs presentation on that separates the grid into four quadrants.

Table 20. Perceived Importance and Performance of Hotel Attributes in the Hong Kong Hotel Industry.

Hotel Attributes	Importance		Performance	
	Mean[1]	Std Dev	Mean[2]	Std Dev
1. Room is clean	6.43	0.91	6.03	1.07
2. TV and radio are of high quality	4.64	1.57	5.06	1.41
3. Bed/mattress/pillow are comfortable	6.20	0.99	5.61	1.28
4. In-room temperature control is of high quality	6.11	0.99	5.69	1.31
5. Room is quiet	6.24	1.02	5.59	1.44
6. Mini-bar is available	3.83	1.85	4.90	1.73
7. Food & beverage facilities are of great variety	4.52	1.75	4.83	1.59
8. Food & beverages are of high quality	5.00	1.73	5.02	1.45
9. Leisure facilities are available (e.g. swimming pool, fitness center, sauna)	4.73	1.87	4.23	1.81
10. Reservation system is reliable	5.76	1.43	5.58	1.40
11. Check-in/check out are efficient	6.03	1.13	5.70	1.30
12. Wake-up call is reliable	5.26	1.87	5.51	1.52
13. Valet/laundry service is efficient	4.65	1.81	4.93	1.61
14. Room service is efficient	5.25	1.65	5.30	1.40
15. Information desk is available	5.58	1.45	5.52	1.37
16. International direct dial (IDD) is available	5.85	1.63	5.63	1.23
17. Secretarial service is available	3.87	2.03	4.33	1.78
18. Business-related meeting rooms are available	3.79	2.12	4.22	1.82
19. Business-related facilities are available (e.g. copy machine, fax machine, computer)	4.50	2.13	4.72	1.85
20. Security personnel are responsible	6.01	1.30	5.80	1.13
21. Loud fire alarms are reliable	6.16	1.25	5.74	1.15
22. Safe box is available	5.61	1.63	5.54	1.64
23. Staff are helpful	6.32	0.93	5.82	1.18
24. Staff are polite and friendly	6.23	1.00	5.82	1.25
25. Staff have neat appearance	5.88	1.14	5.86	1.13
26. Staff provide efficient service	6.19	1.02	5.76	1.22
27. Staff have multi-lingual skills	5.90	1.24	5.32	1.42
28. Staff understand your requests	6.30	0.94	5.57	1.37
29. Hotel location is convenient	6.29	0.96	5.89	1.38
30. Room is value for money	6.16	1.08	5.27	1.44
31. Hotel food & beverages are value for money	5.57	1.43	4.77	1.54
32. Hotel provides comfortable ambiance	5.99	1.16	5.44	1.47
33. Hotel is part of a reputable chain	4.45	1.85	4.62	1.84

[1] Mean Scale: 1 - extremely unimportant to 7 - extremely important

[2] Mean Scale: 1 - strongly disagree to 7 - strongly agree

4.7.2. The Resultant Quadrants of the Importance -Performance Analysis Grid

Quadrant I - Concentrate Here

Quadrant I (Concentrate Here) represents those areas that travelers deem particularly important, while perceiving that hotels' performance levels are fairly low. Only one item was captured in Quadrant I: Q31 (hotel food & beverage value for money).

Quadrant II - Keep Up the Good Work

Quadrant II (Keep Up the Good Work) illustrates those items in which hotels are excelling, and which travelers perceive as very important. Our study found that 20 out of 30 items fell into this quadrant. These 20 items were: Q1 (clean room), Q3 (comfortable bed/mattress/pillow), Q4 (high quality in-room temperature), Q5 (quiet room), Q10 (reliable reservation system), Q11 (efficient check in/out), Q15 (available information desk), Q16 (available IDD), Q20 (responsible security personnel), Q21 (reliable loud fire alarms), Q22 (available safe box), Q23 (helpful staff), Q24 (polite and friendly staff), Q25 (neat appearance of staff), Q26 (efficient service of staff), Q27 (multi-linguistic staff), Q28 (request understood by staff), Q29 (convenient location), Q30 (room value for money), and Q32 (comfortable hotel ambiance).

Quadrant III - Low Priority

Quadrant III (Low Priority) identifies those items where hotels are performing adequately, and which travelers perceive as less important, compared with other hotel attributes. This quadrant identifies 10 items: Q2 (high quality TV/radio), Q6 (available mini-bar), Q7 (various food & beverage facilities), Q8 (high quality of food & beverage), Q9 (available leisure facilities), Q13 (efficient valet/laundry), Q17 (available secretarial service), Q18 (available business meeting rooms), Q19 (available business-related facilities) and Q33 (reputable hotel chain).

Quadrant IV - Possible Overkill

The final quadrant is identified as 'Possible Overkill'. This quadrant represents those areas where the hotels are performing quite well, while travelers do not perceive these attributes as being as important as other attributes. The two attributes falling into this quadrant were: Q12 (reliable wake-up call) and Q14 (efficient room service).

Figure 3. Importance-Performance Analysis of Hotel Attributes in the Hong Kong Hotel Industry.

Y-axis: Importance of Hotel Attributes

X-axis: Performance of Hotel Attributes
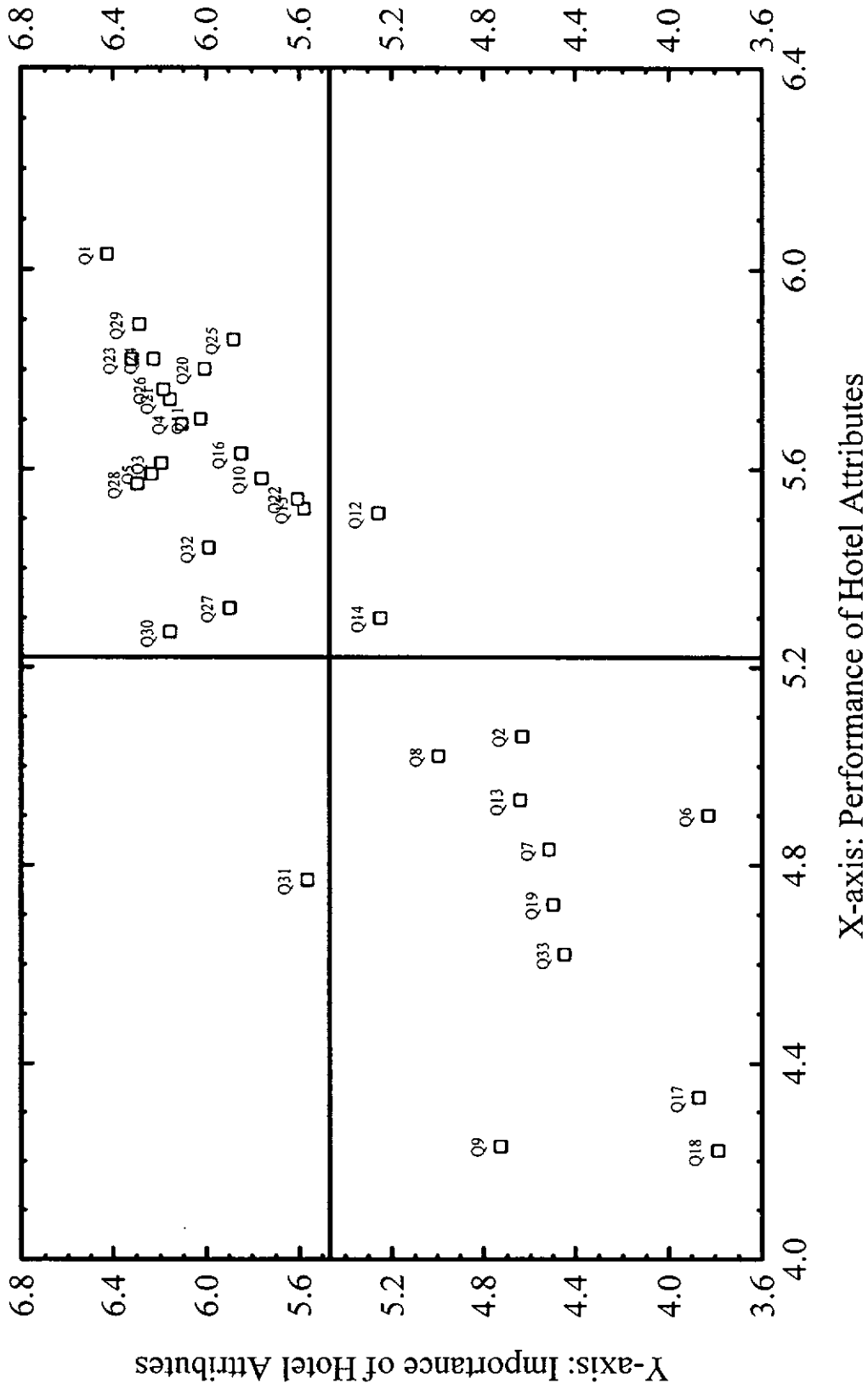
4.8. UNDERLYING DIMENSIONS OF THE HOTEL ATTRIBUTES

To identify the major dimension categorizing the travelers' perceptions of the 33 hotel attributes in the Hong Kong hotel industry, the principal component factor analysis with orthogonal methods and varimax rotation was used. The factor analysis used in this study had two purposes: 1). To obtain a relatively small number of variables that explained most of the variations among the brand attributes, and 2). To create correlated variable composites from the original attribute ratings for subsequent analysis (regression analysis). As identified in Chapter 3, five steps need to be adopted to determine the validity of using factor analysis prior to the interpretation of the factors.

4.8.1. Results of the Validity of Factor Analysis

Firstly, the correlation matrix for 33 perception variables was computed. The result indicated that 429 of the 561 coefficients of correlation derived from the correlation matrix were greater than 0.30 in absolute value, representing 76.5 percent. Noursis (1994) pointed out that the minimum acceptable value (0.30) in the correlation matrix should account for at least 50 percent of total coefficients of correlation. In addition, the 33 variables had a large correlation with at least one of the other variables in the set.

Secondly, the value of the test statistic for sphericity was large (6345.1934), statistically significant at 0.00000 level. It therefore appears unlikely that the population correlation matrix is an identity. Thus, the use of the factor model for these 33 variables (attributes) is suitable.

Thirdly, the matrix of anti-image correlations shows that the proportion of small coefficients (below 0.30) is dominantly high and close to zero, indicating that the factor assumptions are met.

In addition, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of the 33 variables was 0.91458, which is excellent (Kaiser, 1974). Since the KMO value is above 0.9, the variables are interrelated and they share common factors.

Lastly, the average communalities of the variables was above 0.50, except items 2 (0.43) and 12 (0.46). The communalities ranged from 0.43 to 0.84, suggesting that the variance of the original values is fairly explained by the common factors.

4.8.2. Results of the Interpretation of the Factors

From the varimax rotated factor matrix, seven factors, which accounted for 67.2% of explained variance, were extracted from the original 33 variables. Seven factors with 29 variables (attributes) were defined by the original 33 variables that

loaded most heavily (loading ≥ 0.50) on them. It produced a clear factor structure with relatively higher loadings on the appropriate factors. The higher loadings signal the correlation of the variables with the factors on which they were loaded (See Table 21).

To test the reliability and internal consistency of each factor, the Cronbach Alphas of each factor were determined. The results showed that the alpha coefficients ranged from 0.71 to 0.93 for the seven factors. Our results are considered more than reliable, since 0.50 is the minimum value for accepting the reliability test (Nunnally, 1967).

Table 21. Factor Loadings with Varimax Rotation of Perception of Hotel Attribute Scale - Travelers' Data (N = 402).

Item Statement (n = 33)	Factor Loading							Communality
	F1	F2	F3	F4	F5	F6	F7	
1. Room is clean	.333	.683	.177	.127	.093	.022.	.116	.64
2. TV and radio are of high quality	.147	.434	.007	.296	.255	255	-.074	.43
3. Bed/mattress/pillow are comfortable	.319	.748	.096	.091	.038	.074	.056	.69
4. In-room temperature control is of high quality	.113	.743	.163	-.103	.188	.010	.020	.63
5. Room is quiet	.248	.630	.137	.028	.093	.138	.143	.52
6. Mini-bar is available	-.017	.389	.535	.278	.236	.257	.179	.66
7. Food & beverage facilities are of great variety	-.022	.373	.571	.242	.311	.280	.163	.72
8. Food & beverages are of high quality	.004	.419	.536	.190	.346	.169	.194	.68
9. Leisure facilities are available (e.g. swimming pool, fitness centre, sauna)	-.019	.419	.281	.315	.267	.292	.039	.51
10. Reservation system is reliable	.442	.225	.319	.279	.225	.254	.195	.57
11. Check-in/check out are efficient	.614	.147	.437	.154	.120	.212	.096	.68
12. Wake-up call is reliable	.184	.208	.567	.260	-.050	.078	-.011	.46
13. Valet/laundry service is efficient	.210	.027	.720	.144	.258	.144	.088	.67
14. Room service is efficient	.408	.103	.659	.141	.106	.120	-.012	.65
15. Information desk is available	.428	.121	.540	.137	.073	.162	.054	.54
16. International direct dial (IDD) is available	.154	.157	.148	.227	.022	.074	.778	.73
17. Secretarial service is available	.157	.014	.209	.816	.088	-.015	.225	.79
18. Business-related meeting rooms are available	.140	.074	.224	.864	.120	.034	.080	.84
19. Business-related facilities are available (e.g. copy machine, fax machine, computer)	.159	.099	.196	.833	.103	.116	-.000	.79
20. Security personnel are responsible	.283	.314	.080	.120	.029	.716	.076	.71
21. Loud fire alarms are reliable	.225	.064	.265	-.074	.138	.715	.124	.67
22. Safe box is available	.211	.019	.229	.121	.103	.637	.099	.53
23. Staff are helpful	.770	.242	.169	.150	.142	.287	.025	.80
24. Staff are polite and friendly	.784	.223	.159	.121	.150	.204	.013	.77
25. Staff have neat appearance	.653	.412	.147	.223	.275	.224	-.003	.67
26. Staff provide efficient service	.627	.314	.160	.252	.332	.272	.020	.76
27. Staff have multi-lingual skills	.585	.178	.097	.123	.337	.137	.522	.80
28. Staff understand your requests	.731	.211	.110	-.000	.258	.045	.359	.78
29. Hotel location is convenient	.410	.275	.243	.216	.314	-.266	-.244	.57
30. Room is value for money	.370	.204	.113	-.079	.754	.003	-.052	.76
31. Hotel food & beverages are value for money	.217	.159	.154	.206	.759	.095	.068	.72
32. Hotel provides comfortable ambiance	.434	.194	.220	.076	.580	.222	.087	.67
33. Hotel is part of a reputable chain	.121	.111	.200	.398	.591	.159	.152	.62

Total Scale Reliability (Alpha) = .95

	F1	F2	F3	F4	F5	F6	F7
Eigenvalue	13.1	2.4	1.7	1.6	1.3	1.1	1.0
Variance (%)	39.7	7.3	5.2	4.8	3.9	3.3	3.0
Cumulative Variance (%)	39.7	47.0	52.2	57.0	60.9	64.2	67.2

4.8.3. Underlying Dimensions of Hotel Attributes (Hotel Factors)

Factor analysis helps to reduce the 33 variables that are correlated with each other into seven dimensions, or factors. These smaller sets of dimensions are uncorrelated factors, so that multicollinearity is prevented. As shown in Table 22, the seven factors underlying travelers' perceptions of services and facilities provided in the Hong Kong hotel industry are as follows:

Factor One: **Staff Service Quality**. This factor contains seven items and explains 39.7 percent of the variance in the data with an eigenvalue of 13.1. The items associated with this factor deal with hotel employee-customer interactions, including 'politeness and friendliness of staff', 'helpfulness of staff', 'staff's understandings in job performance', 'efficiency of staff', 'efficiency in check-in/out', 'multilingual skills of staff', and 'neat appearance of staff'.

Factor Two: **Room Quality**. Accounting for 7.3 percent of the variance with an eigenvalue of 2.4, this factor is loaded with four items that refer to hotel room quality. The four items are 'comfort of bed, mattress and pillow', 'room temperature control', 'cleanliness of room' and 'quietness of room'.

Factor Three: **General Amenities**. Loaded with seven items, this factor accounts for 5.2 percent of the variance with an eigenvalue of 1.7. The seven items are:

'efficiency of valet and laundry service', 'efficiency of room service', 'variety of food and beverage facilities', 'quality of hotel food and beverage', 'reliability of wake-up call', 'access to information desk', and 'availability of mini-bar'.

Factor Four: **Business Services**. With an eigenvalue of 1.6, this factor explains 4.8 percent of the variance. This factor contains three items dealing primarily with the provision of business services by a hotel. The three items are: 'availability of meeting rooms for business', 'availability of business-related facilities' and 'availability of secretarial services provided by the hotel'.

Factor Five: **Value**. This factor reveals how travelers perceive the monetary value of the major services provided by the hotel. The four items employed to explore the perception value are: 'hotel food and beverage', 'accommodation', 'being part of a reputable chain' and 'comfortable ambiance'. This factor explains 3.9 percent of the variance with an eigenvalue of 1.3.

Factor Six: **Security**. This factor deals with hotel safety and security as perceived by travelers, and factor explains 3.3 percent of the variance with an eigenvalue of 1.1. The three items are: 'responsibility of security personnel', 'reliability of fire alarms' and 'availability of safe boxes'.

Factor Seven: **IDD Facilities**. Containing only one item, this factor explains 3.0 percent of the variance with an eigenvalue of 1.0. This item is 'availability of international direct dials', which is considered important for international travelers.

Four items were deleted from the scale because they did not meet the minimum factor score cut-off point (loading $\geq$ 0.50) and they did not load onto the correct factor. The deleted four items were item 2 (TV and radio are of high quality), item 9 (leisure facilities are available), item 10 (reservation system is reliable) and item 29 (hotel location is convenient).

Table 22. Factor Analysis Results with Varimax Rotation of Perception of Hotel Attribute Scale - Travelers' Data (N = 402).

Item Statement (n = 29)	Corrected Item-to-total Correlation	Factor Loading							Communality
		F1	F2	F3	F4	F5	F6	F7	
Factor-1: Staff Service Quality									
Staff are polite and friendly	.81	.78							.77
Staff are helpful	.83	.77							.81
Staff understand your requests	.78	.73							.79
Staff provide efficient service	.81	.63							.76
Check-in/check out are efficient	.68	.61							.68
Staff have multi-lingual skills	.73	.58							.80
Staff have neat appearance	.73	.55							.67
Factor-2: Room Quality									
Bed/mattress/pillow are comfortable	.64		.75						.69
In-room temperature control is of high quality	.60		.74						.64
Room is clean	.57		.68						.65
Room is quiet	.52		.63						.53
Factor-3: General Amenities									
Valet/laundry service is efficient	.65			.72					.68
Room service is efficient	.62			.66					.66
Food & beverage facilities are of great variety	.74			.57					.73
Wake-up call is reliable	.49			.56					.46
Information desk is available	.57			.54					.54
Food & beverages are of high quality	.70			.54					.68
Mini-bar is available	.71			.54					.67
Factor-4: Business Services									
Business-related meeting rooms are available	.86				.86				.84
Business-related facilities are available	.78				.83				.79
Secretarial service is available	.79				.82				.79
Factor-5: Value									
Hotel food & beverages are value for money	.70					.76			.73
Room is value for money	.61					.75			.77
Hotel is part of a reputable chain	.51					.59			.62
Hotel provides comfortable ambiance	.68					.58			.67
Factor-6: Security									
Security personnel are responsible	.56						.72		.72
Loud fire alarms are reliable	.60						.71		.68
Safe box is available	.49						.64		.54
Factor-7: IDD Facilities									
International direct dial is available	/							.78	.73
Total Scale Reliability (Alpha)	.94								

	F1	F2	F3	F4	F5	F6	F7
Eigenvalue	13.1	2.4	1.7	1.6	1.3	1.1	1.0
Variance (%)	39.7	7.3	5.2	4.8	3.9	3.3	3.0
Cumulative Variance (%)	39.7	47.0	52.2	57.0	60.9	64.2	67.2
Cronbach's Alpha	.93	.77	.87	.90	.80	.71	/
Factor Mean (scale: 1 to 7)	5.69	5.73	5.06	4.37	4.96	5.62	5.63
Number of Items (total = 29)	7	4	7	3	4	3	1

4.9. PERCEPTIONS OF THE HOTEL FACTORS BETWEEN BUSINESS AND LEISURE TRAVELERS (HYPOTHESIS ONE)

Table 23 illustrates a comparison of perceptions of the seven hotel factors for business and leisure travelers. Using the independent *t*-test, the results indicate a statistically significant difference on 3 out of the 7 hotel factors.

Table 23. Mean Differences of Hotel Factors between Business and Leisure Travelers in the Hong Kong Hotel Industry (N = 343).

Hotel Perception Factors	Valid N[1]	Business Travelers - Mean[2]	Leisure Travelers - Mean	*t*-value
Service Quality	BT - 163 LT - 163	5.64 (1.04)	5.67 (1.09)	-.21
Room Quality	BT - 170 LT - 170	5.70 (0.92)	5.74 (1.12)	-.36
General Amenities	BT - 138 LT - 121	5.21 (1.03)	5.03 (1.22)	1.31
Business Services	BT - 138 LT - 126	5.12 (1.35)	3.75 (1.66)	7.35**
Value	BT - 146 LT - 135	4.90 (1.25)	5.05 (1.30)	-.96
Security	BT - 141 LT - 127	5.48 (0.99)	5.76 (1.05)	-2.22*
IDD Facilities	BT - 162 LT - 155	5.81 (1.24)	5.35 (1.13)	3.41**

[1] BT - Business Travelers; LT - Leisure Travelers

[2] Mean Scale: 1 - strongly disagree to 7 - strongly agree
Standard deviations are in parentheses
* *t*-test two-tail probability ≤ 0.05
** *t*-test two-tail probability ≤ 0.01

The three hotel factors (significant at $p \leq 0.05$) include the 'Business Services' factor (7.35, Sig. 0.001), 'IDD Facilities' factor (3.41, Sig. 0.001) and 'Security' factor (-2.22, Sig. 0.05). Of these three significant factors, it is found that 'Business Services' and 'IDD Facilities' are important to business travelers, whereas leisure travelers consider the security of hotels in Hong Kong important.

Since three of the hotel factors are found to be significantly different between business and leisure travelers, Hypothesis One, which proposed that there would be no significant difference between business and leisure travelers' perceptions of hotel factors, is therefore rejected.

4.10. PERCEPTIONS OF THE HOTEL FACTORS BETWEEN ASIAN AND WESTERN TRAVELERS (HYPOTHESIS TWO)

Table 24 shows a comparison of perceptions of the seven hotel factors for Asian and Western travelers. Using the independent *t*-test, the results indicate a statistically significant difference on 4 of the 7 factors. Asian travelers include those travelers originating from mainland China, Taiwan, Japan or Southeast Asia. Western travelers are those coming from North America (USA/Canada), Western Europe, and Australia/New Zealand. The four hotel factors found to be statistically significant for these two types of travelers were 'Service Quality' (-4.61, Sig. 0.001), 'Business

Services' (-3.31, Sig. 0.001), 'Value' (-2.63, Sig. 0.001) and 'General Amenities' (-2.35, Sig. 0.05).

Of these four significant hotel factors, Western travelers had higher mean scores across all of them than their Asian counterparts, indicating that Western travelers have more favorable perceptions of the services and facilities offered by hotels in Hong Kong.

Table 24. Mean Differences of Hotel Factors between Asian and Western Travelers in the Hong Kong Hotel Industry (N = 402).

Hotel Perception Factors	Valid N[1]	Asian Travelers - Mean[2]	Western Travelers - Mean	t-value
Staff Service Quality	AT - 205 NT - 174	5.46 (1.02)	5.95 (1.03)	-4.61**
Room Quality	AT - 221 NT - 178	5.70 (0.98)	5.75 (1.01)	-.49
General Amenities	AT - 186 NT - 112	4.94 (1.08)	5.26 (1.22)	-2.35*
Business Services	AT - 191 NT - 114	4.13 (1.63)	4.77 (1.64)	-3.31**
Value	AT - 192 NT - 133	4.81 (1.27)	5.18 (1.23)	-2.63**
Security	AT - 189 NT - 117	5.59 (1.00)	5.68 (1.12)	-.70
IDD Facilities	AT - 213 NT - 156	5.56 (1.20)	5.71 (1.27)	-1.14

[1] AT - Asian Travelers; NT - Western Travelers

[2] Mean Scale: 1 - strongly disagree to 7 - strongly agree

Standard deviations are in parentheses

* t-test two-tail probability ≤ 0.05

** t-test two-tail probability ≤ 0.01

Since four of seven hotel factors are found to be significantly different between Asian and Western Travelers, Hypothesis Two, which proposed that there would be no significant difference between Asian and Western travelers' perceptions of hotel factors, is therefore rejected.

4.11. DETERMINANTS OF OVERALL SATISFACTION LEVEL OF TRAVELERS (HYPOTHESIS THREE)

Multiple regression analysis was employed to investigate whether a group of independent (predictor) variables, which constitute seven hotel factors, exert significant influences on the dependent (criterion) variable - travelers' overall satisfaction levels with Hong Kong hotels. These seven predictor variables represent the combinations (factors) of the 29 attributes underlying the travelers' perceptions of hotel stay derived from the factor analysis. The seven factors are: 'Staff Service Quality', 'Room Quality', 'General Amenities', 'Business Services', 'Value', 'Security' and 'IDD facilities'. We discussed earlier in Section 3.51. of Chapter Three that an 'Exclude case listwise' approach was adopted for running the analyses. For this reason, 292 out of 402 cases, or almost 73 percent of data, were proceeded to the subsequent regression analysis in order to obtain the most valid and reliable results of the seven hotel factors on travelers' overall satisfaction level.

4.11.1. Determinant Hotel Factors in relation to Travelers' Overall Satisfaction Levels

To investigate the relative impact of the hotel factors in influencing travelers' overall satisfaction levels, the seven orthogonal factors were used in a multiple regression analysis. The multiple regression procedure was employed because it provides the most accurate interpretation of the independent variables. The seven independent variables, the seven hotel factors, are expressed in terms of the standardized factor scores (beta coefficients). The significant factors that remain in the regression equation are shown in order of importance based on the beta coefficients. The dependent variable, travelers' overall satisfaction levels with the hotels, is measured on a seven-point Likert scale and is used as a surrogate indicator of the travelers' overall evaluation of the hotel stay experience.

The equation for the travelers' overall satisfaction levels on the hotel factors derived from regression analysis in this study is expressed in the following equation:

$$S = A + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + B_5 X_5 + B_6 X_6 + B_7 X_7 + E$$

where,

S	:	overall satisfaction level;
A	:	constant (coefficient of intercept);
X_1	:	staff service quality (factor 1);
X_2	:	room quality (factor 2);

| X_3 | : | general amenities (factor 3); |

X_3 : general amenities (factor 3);

X_4 : business services (factor 4);

X_5 : value (factor 5);

X_6 : security (factor 6);

X_7 : IDD facilities (factor 7);

B_1 ,... B_7 : regression coefficients of factor 1 to factor 7; and,

E : standard error (the deviations of Y from the regression line and the

primary source of error in trying to predict the values of Y.

Table 25 shows the results of the regression analysis. In order to predict the 'Goodness-of-Fit' of the regression model, the multiple correlation coefficient (R), coefficient of determination (R^2) and F-ratio were examined. First, the R of independent variables (seven hotel factors or X_1 to X_7) on dependent variable (overall satisfaction or Y) is 0.7495, which shows that travelers have positive and high overall satisfaction levels with the seven hotel factors. Second, the R^2 is 0.5617, suggesting that approximately 56 percent of the variation of the travelers' overall satisfaction is explained by the seven hotel factors. In behavioral statistics, an R^2 of between 0.50 and 0.60 is considered as acceptable (Lewis, 1985). Therefore, the seven hotel factors give more than an acceptable result in predicting the variance of the travelers' overall satisfaction levels with hotels in Hong Kong. Last, the F-ratio, which explains whether or not the results of the regression model could have occurred by chance, has a value of 51.99619 (significant at 0.0000) and is considered quite significant. The regression

model is said to have achieved a satisfactory level of 'Goodness-of-Fit' in predicting the variance of the travelers' overall satisfaction in relation to the seven hotel factors, as measured by the above-mentioned R, R^2 and F-ratio. In other words, at least one of the seven hotel factors is important for contributing to travelers' overall satisfaction.

In the regression analysis, the beta coefficients can be used to explain the relative importance of the seven hotel factors (independent variables) in contributing to the variance in the travelers' overall satisfaction (dependent variable). The results show that all the seven factors remain significantly in the equation with a different value of the beta coefficients, thus contributing different weights to the variance of travelers' overall satisfaction. Of the seven hotel factors (independent variables), Factor 1 (Staff Service Quality, B_1 = .4226, Sig. = .0000) carries the heaviest weight in explaining travelers' overall satisfaction, followed by Factor 2 (Room Quality, B_2 = .4015, Sig. = .0000), Factor 5 (Value, B_5 = .3245, Sig. = .0000), Factor 3 (General Amenities, B_3 = .2675, Sig. = .0000), Factor 7 (IDD Facilities, B_7 = .1543, Sig. = .0001), Factor 4 (Business Services (B_4 = .1152, Sig. = .0036) and Factor 6 (Security, B_6 = .08734 Sig. = .0036). The results show that a one-unit increase in satisfaction with the 'Staff Service Quality' factor would lead to a 0.4226 unit (or 42.26%) increase in the travelers' overall satisfaction with their hotel stay, other variables being held constant. Similarly, a one-unit increase in satisfaction with the 'Security' factor would lead to a 0.0873 (or 8.73%) increase in the travelers' overall satisfaction with their hotel stay, other variables being held constant.

Table 25. Regression Results of Overall Satisfaction Based on Hotel Factor Scores (N = 292).

Dependent Variable:	Respondent's degree of overall satisfaction with services and facilities provided by hotels (used as a surrogate indicator of respondent's overall evaluation of hotel services and facilities).

Independent Variables:	Seven orthogonal factors representing the components of perceived quality of services and facilities.

<u>Goodness-of-Fit</u> :

Multiple R	.7495
R Square	.5617
Adjusted R Square	.5509
Standard Error	.9996

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	7	363.70168	51.95738
Residual	284	283.78804	.99925

F = 51.99619   Signif F = .0000

--- Variable in the Equation ---

Independent Variable	B	SE B	Beta	Tol	VIF	T	Sig T
Service Quality (Factor 1)	.6304	.0586	.4226	1.0000	1.000	10.758	.0000
Room Quality (Factor 2)	.5995	.0586	.4019	1.0000	1.000	10.230	.0000
Value (Factor 5)	.4841	.0586	.3245	1.0000	1.000	8.261	.0000
General Amenities (Factor 3)	.3990	.0586	.2675	1.0000	1.000	6.810	.0000
IDD Facilities (Factor 7)	.2301	.0586	.1543	1.0000	1.000	3.927	.0001
Business Service (Factor 4)	.1719	.0586	.1152	1.0000	1.000	2.934	.0036
Security (Factor 6)	.1303	.0586	.0873	1.0000	1.000	2.223	.0270
(Constant)	5.072	.0585		1.0000	1.000	86.701	.0000

DF : Degree of Freedom
B : Partial Regression Coefficient
SE B : Standard Error of the Partial Regression Coefficient
Beta : Standardized Regression Coefficient
Tol : Tolerance
VIF : Variance Inflation Factor
T : Partial T Values

Since all beta coefficients for the seven hotel factors are different from each other, the seven hotel factors produce different impacts on the travelers' overall satisfaction levels. Thus, Hypothesis Three, which proposed that there would be no

significant difference in the relative impact on each of the underlying dimensions of perception of hotel attributes in affecting travelers' overall satisfaction in hotels in Hong Kong, is therefore rejected.

4.12. DETERMINANTS OF TRAVELERS' LIKELIHOOD OF RETURNING (HYPOTHESIS FOUR)

Multiple regression analysis was also adopted to investigate whether the seven hotel factors have a different influence on the dependent (criterion) variable - likelihood of returning. A total of 292 cases, representing 73 percent of all responses, were proceeded to the subsequent regression analysis under the 'Exclude case listwise' approach.

4.12.1. Relative Impact of Hotel Factors on Likelihood of Returning

Regression analysis was used to investigate whether the seven hotel factors (independent variables) constitute a significant influence on the likelihood of a traveler returning to the same hotel in subsequent trip (dependent variable). The dependent variable, likelihood of returning, was measured on a seven-point Likert scale and used as a surrogate indicator of the travelers' intention to buy the product again. The independent variables are the standardized factor scores created for each individual,

corresponding to the seven orthogonal factors. The significant factors that remain in the regression equation are shown in order of importance based on the beta coefficients.

The equation derived from regression analysis in this study is expressed in the following equation:

$$L = A + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + B_5 X_5 + B_6 X_6 + B_7 X_7 + E$$

where,

L	:	likelihood of returning to the same hotel on a subsequent trip;
A	:	constant (coefficient of intercept);
X_1	:	staff service quality (factor 1);
X_2	:	room quality (factor 2);
X_3	:	general amenities (factor 3);
X_4	:	business services (factor 4);
X_5	:	value (factor 5);
X_6	:	security (factor 6);
X_7	:	IDD facilities (factor 7);
B_1 ,... B_7 :		regression coefficients of factor 1 to factor 7; and,
E	:	standard error (the deviations of Y from the regression line and the primary source of error in trying to predict the values of Y.

Table 26 shows the results of the multiple regression analysis. In predicting the 'Goodness-of-Fit' of the regression analysis, the travelers' likelihood of returning to the same hotel was regressed on the seven hotel factors. The regression results produce a multiple correlation coefficient, R, 0.6127. Based on our data, this shows that there was a fairly high possibility of travelers returning to the same hotel on a subsequent trip. Second, the coefficient determination, R^2, is 0.3754, indicating that approximately 37.54 percent of the variation of intention to return is explained by the seven hotel factors. The results indicate that less than half of the variation of the dependent variable could be predicted by the independent variables, which is below the minimum acceptable level of an R^2 of 0.50 to 0.60. (Lewis, 1985). This may suggest that a traveler's decision about whether or not to return to the same hotel cannot be fully explained by the seven hotel factors established in this study. Last, the fairly high significant F-ratio (F = 28.54858, significant at 0.0000) means that the results of the regression model could hardly have occurred by chance. The regression results here have achieved a moderately satisfactory level of 'Goodness-of-Fit' in predicting the variance of likelihood of returning to the same hotel in relation to the seven hotel factors.

Beta coefficient was used to explain the relative importance of the hotel factors (independent variables) in influencing the variance in travelers' likelihood of returning (dependent variable). As far as the relative importance among the seven hotel factors is concerned, Factor 1 (Service Quality, B_1 = .3423, Sig. = .0000) carried the heaviest weight for the travelers, followed by Factor 2 (Room Quality, B_2 = .2911, Sig. = .0000),

Factor 5 (Value, B_5 = .2615, Sig. = .0000), Factor 4 (Business Services, B_4 = .2310, Sig. = .0000), Factor 3 (General Amenities, B_3 = .1875, Sig. = .0001) and Factor 7 (IDD Facilities, B_7 = .1291, Sig. = .0062). Factor 6, Security, appears not to be statistically significant in affecting the travelers' likelihood of returning to the same hotel on a subsequent trip. The results show that a one-unit increase in satisfaction with the 'Staff Service Quality' factor would lead to a 0.3423 unit (or 34.23%) increase in the likelihood of returning to the same hotel, other variables being held constant. Similarly, a one-unit increase in satisfaction with the 'IDD Facilities' factor would lead to a 0.1291 unit (or 12.91%) increase in the likelihood of a traveler returning to the same hotel, other variables being held constant.

Six out of the seven beta coefficients of the hotel dimensions are statistically different from each other, indicating that the six hotel dimensions impact quite differently on the travelers' likelihood of returning to the same hotel on a subsequent trip. Hypothesis Four, which proposed that there would be no significant difference in the relative impact on each of the underlying dimensions of perception of hotel attributes in affecting travelers' likelihood of returning to the same hotel on a subsequent trip, is therefore rejected.

Table 26. Regression Results of Likelihood of Returning Based on Hotel Factor Scores (N = 292).

Dependent Variable:	Respondent's degree of likelihood of returning to particular hotel (used as a surrogate indicator).

Independent Variables:	Seven orthogonal factors representing the components of perceived quality of services and facilities.

<u>**Goodness-of-Fit**</u> :

Multiple R	.6127
R Square	.3754
Adjusted R Square	.3623
Standard Error	1.4912

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	6	380.83486	63.47248
Residual	285	633.64459	2.22331

F = 28.54858   Signif F = .0000

-- Variable in the Equation --

Independent Variable	B	SE B	Beta	Tol	VIF	T	Sig T
Service Quality (Factor 1)	.6391	.0874	.3423	1.0000	1.000	7.311	.0000
Room Quality (Factor 2)	.5435	.0874	.2911	1.0000	1.000	6.217	.0000
Value (Factor 5)	.4882	.0874	.2615	1.0000	1.000	5.585	.0000
Business Service (Factor 4)	.4312	.0874	.2310	1.0000	1.000	4.933	.0000
General Amenities (Factor 3)	.3501	.0874	.1875	1.0000	1.000	4.006	.0001
IDD Facilities (Factor 7)	.2410	.0874	.1291	1.0000	1.000	2.757	.0062
(Constant)	4.8014	.0873		1.0000	1.000	55.025	.0000

-- Variable Not in the Equation --

Independent Variable	Beta In	Partial	Tol	VIF	T	Sig T
Security (Factor 6)	.0856	.1084	1.0000	1.000	1.837	.0672

DF : Degree of Freedom
B : Partial Regression Coefficient
SE B : Standard Error of the Partial Regression Coefficient
Beta : Standardized Regression Coefficient
Tol : Tolerance
VIF : Variance Inflation Factor
T : Partial T Values
Partial : Partial Correlation

CHAPTER FIVE - DISCUSSION

Chapter Four provides an analytical framework, now that the empirical evidence has been explored using various statistical techniques. Based on the empirical findings of the previous chapter, this chapter addresses six major issues that are relevant to the development of the Hong Kong hotel industry.

First, the comparison between 'importance' and 'perception of performance' in relation to the hotel attributes, from the perspective of Importance-Performance Analysis, is discussed.

Second, the underlying dimensions of travelers' perceptions of hotel attributes, or the hotel factors, in the Hong Kong hotel industry derived from Factor Analysis, are identified.

Third, a comparison of the underlying dimensions of perceptions of the hotel attributes for business and leisure travelers is made.

Fourth, a comparison of the underlying dimensions of perceptions of the hotel attributes for Asian and Western travelers is made.

Fifth, the relative importance of the underlying dimensions of perceptions of the hotel attributes in contributing to the travelers' overall satisfaction levels with their hotel stay is explored.

Sixth, the relative importance of the underlying dimensions of perceptions of the hotel attributes in contributing to the travelers' likelihood of returning to the same hotels on subsequent visits, is assessed.

5.1. IMPORTANCE-PERFORMANCE ANALYSIS

From a practical perspective, the study 1). Identifies the importance of hotel attributes in hotel selection; 2) Identifies travelers' perceptions of the performance of hotel attributes; and 3) Compares the attribute importance and performance simultaneously by using Importance-Performance Analysis (IPA).

Importance-Performance Analysis was used to categorize the 33 hotel attributes into four quadrants based on travelers' perceptions of attribute importance and performance. In Quadrant 1 (Concentrate Here), only one item, hotel attribute Q31 (hotel food & beverage value for money), was listed. This appears to be accurate, as most travelers would prefer to dine outside their hotels. According to a study done by the HKTA (Tourism Expenditures in Hong Kong, 1987 - 1995), travelers spent almost 50 percent of their total receipts on shopping, 30 percent on meals out, and 13 percent

on entertainment and tours. Hong Kong, renowned as a 'Shopping and Food Paradise', has long attracted travelers to spend a considerable sum on entertainment (i.e., shopping, tours and meals outside). The finding here suggests that hoteliers should direct resources toward promoting their food and beverage services, and that such services should be reasonably priced.

In Quadrant II (Keep Up the Good Work), our study listed that 20 out of the 33 items (66%), indicating that hotels in Hong Kong are doing an excellent job in providing services and facilities to meet travelers' needs. The 20 hotel attributes that our study identified include the major aspects covering customer-employee interaction, room quality, safety and location. The result indicates that hoteliers should, from time to time, address these four areas of concern, which travelers perceive as very important.

Quadrant III (Low Priority) covers ten attributes, categorized as follows: hotel food & beverage facilities, leisure facilities, laundry facilities, and business facilities. These items are identified as the basic essence of hotel operations. These items, however, are of little strategic importance because customers place relatively little importance on them. Therefore, attention should be paid to hotel food & beverage facilities, which are more important for revenue generation from local residents and visitors who stay and eat at the hotels.

Two attributes fall in Quadrant IV (Possible Overkill). They are Q12 (reliable wake-up call) and Q14 (efficient room service). Although the result shows that travelers do not perceive these attributes as important, this does not mean that hoteliers should reduce their efforts to maintain and improve such services. On the other hand, since travelers consider that this service category is so basic as to be automatically expected, they might simply consider them as necessary service provisions, without actually attaching a great deal of weight to them.

IPA has been proved to be a powerful tool that can be applied effectively to hotel management. Moreover, the IPA technique can also be used to divide a hotel's attributes (services and facilities) into four identifiable quadrants, analysis of which will help hoteliers to understand better how their customers perceive their products and services. Hoteliers are able to gain three major benefits by applying the IPA to their management know-how. Firstly, IPA is a relatively inexpensive and easily understood technique. Using a simple quadratic presentation, one can display the results graphically on a two-dimensional grid that explicitly shows the strengths and weaknesses of the hotel attributes being studied. Secondly, hoteliers will be able to gather information about with how hotels in Hong Kong are delivering their services and facilities, in areas that travelers believe to be important. Thirdly, hoteliers can extract information from the analysis about travelers' perceptions of attribute performance relative to importance. Therefore, with the results provided by IPA, hoteliers can tailor-make marketing strategies for each quadrant, based on the importance and performance of hotel

attributes, as perceived by travelers. For example, Quadrant I reveals that travelers consider that value for money in food and beverage services is extremely important, but that Hong Kong hotels' performance in this quadrant was lagging behind.

To be successful in business, managers must understand how customers perceive the company's product/service attributes, their importance and performance when compared with those of competitors. The importance of 'being competitive' and 'offering a competitive advantage' has been recognized for many years. In the hotel environment, where competition dominates, hotel managers must study the strengths and weaknesses of the products and services they provide and define properly their importance and performance. Marketing strategies can be tailor-made based on the perceived importance of these strengths and weaknesses; IPA has a role to play in this respect. To maintain its present status as one of the world's most attractive tourist destinations, it is necessary for Hong Kong hoteliers to thoroughly understand which hotel attributes are important and the level of performance of these attributes. IPA specifically identifies the areas that require special attention. This study suggests that these areas include food and beverage pricing and value. The study also reveals that continuing efforts should be made to maintain staff service quality, room quality, security and hotel accessibility.

The use of Importance-Performance Analysis has contributed to both the Hong Kong's hotel industry and further academic studies. The application of Importance-

Performance Analysis enables hoteliers to better formulate the marketing strategies based on travelers' perspective of the relative importance of hotel attributes, and on hotels' actual performance in relation to these attributes (Section 1.4.1. of Chapter One). Moreover, an investigation into the gap or correlation between travelers' beliefs concerning the relative importance of hotel attributes, and their perceptions of hotels' actual performance in relation to these attributes, will contribute to further research studies in the area of consumer decision-process theory (Section 1.4.2. of Chapter One).

5.2. UNDERLYING DIMENSIONS OF PERCEPTIONS OF HOTEL ATTRIBUTES (HOTEL FACTORS) IN THE HONG KONG HOTEL INDUSTRY

Factor analysis was employed to categorize the underlying dimensions of perceptions of the 33 hotel attributes, or hotel factors, in the hotel industry in Hong Kong. Seven hotel factors capturing 29 out of the 33 original hotel attributes are identified in this study. These seven hotel factors were: 'Staff Service Quality - (F1)', 'Room Quality - (F2)', 'General Amenities - (F3)', 'Business Services - (F4)', 'Value - (F5)', 'Security - (F6)' and 'IDD Facilities - (F7)'.

Factor One, **Staff Service Quality**, appears to relate to the customer-employee interaction, and had the second highest factor mean perception score (5.69) after 'Room Quality'. This indicates that travelers have favorable perceptions of the human factor of hotel operations in Hong Kong. 'Staff Service Quality' includes seven items: 'efficiency

in check-in/out - Q11', 'helpfulness of staff - Q23', 'politeness/friendliness of staff - Q24', 'neat appearance of staff - Q25', 'efficiency of staff - Q26', 'multi-lingual skills of staff - Q27' and 'understandability of staff - Q28'.

The seven items, focusing on the customer-employee aspect, can be categorized under the five dimensions of service quality proposed by Parasuraman *et al* (1988): tangibles (Q25), reliability (Q11, Q26), responsiveness (Q23), assurance (Q24, Q27) and empathy (Q28). Furthermore, various research studies show that quality of service is considered to be one of the top priorities in evaluating service quality (Barsky & Labagh, 1992; Cadotte & Turgeon, 1988; Knutson, 1988; Oberoi & Hales, 1990; Parasuraman *et al*, 1985; Schaefer *et al*, 1995; Wilensky & Buttle, 1988). Other studies also show that service quality is likely to lead to customer satisfaction and purchase intention. Bitner (1990) mentioned that satisfaction might reinforce the quality perceptions, but only indirectly. She believes that quality perception is hypothesized as a dimension on which satisfaction is based, and that satisfaction is one potential influence on future quality perception. Teas (1993) reported a strong relationship between perceived service quality and satisfaction, and he concluded that the two concepts have the same meaning. Cronin and Taylor (1992) suggested that service quality is likely to have a significant effect on purchase intention, but they also reported that customer satisfaction has a stronger and more consistent causal relationship with purchase intention than does service quality. Thus, the two dependent variables in this study, travelers' overall satisfaction and their intention of returning, are separately measured by

the seven independent variables. This is the core of the study, as each of the hotel factors was measured using multiple regression analysis to identify their relative impacts on travelers' overall satisfaction and their likelihood of returning to the same hotel on a subsequent trip.

Factor Two, **Room Quality**, includes 'cleanliness of room - Q1', 'comfort of bed/mattress/pillow - Q3', 'quality of in-room temperature control - Q4' and 'quietness of room - Q5'. The factor, 'Room Quality', received the highest mean perception rating (5.73) out of the seven hotel factors, suggesting that hotels in Hong Kong are doing well in this aspect. Numerous research studies report that room qualities such as cleanliness, quietness and facilities offered, are important considerations for travelers in lodging selection (Atkinson, 1988; Badinelli *et al*, 1991; Barsky & Labagh, 1992; Gilbert & Morris, 1995; Heung *et al*, 1996; Knutson, 1988; McCleary & Weaver, 1992; Schaefer *et al*, 1995; Taninecz, 1990; Weaver & Heung, 1993). However, Lewis and Nightingale (1991) argued that while lack of cleanliness is a prime reason diverting travelers from a hotel, exceptional cleanliness does not really attract them. Ananth *et al* (1992) also found that room amenities such as in-room temperature-control mechanisms, soundproof rooms and firm mattresses are less important to travelers.

Factor Three, **General Amenities**, includes the general services and facilities of hotels offered to travelers, including 'availability of mini bar - Q6' , 'variety of food & beverage facilities - Q7', 'quality of hotel food & beverage - Q8', 'reliability of wake-up

call - Q12', 'efficiency of valet/laundry service - Q13', 'efficiency of room service - Q14' and 'availability of information desk - Q15'.

This factor can be divided into four areas: hotel catering facilities and qualities (Q6, Q7, Q8, Q14), wake-up calls (Q12), laundry facilities (Q13) and information desk (Q14). In the minds of most travelers, general amenities offered by the hotels are seen as less important (mean = 5.06). The explanation is that many travelers may not consume or find it valuable to have their meals in their hotels, hence pulling down the overall perception scores of 'General Amenities'. Looking at Table 17 in Chapter Four, the mean perception ratings of the catering-related items were generally lower than the items of wake-up calls (Q12), laundry facilities (Q13) and information desk (Q14). Research studies rarely cite hotel catering facilities as an important factor for lodging selection. Instead, Ananth *et al* (1992) mentioned that hotel catering facilities appear to be one of the least important items in travelers' hotel choice decisions. Lewis and Chambers (1989) also argued that a hotel's catering facilities are a nice 'extra', but are not central factors to hotel choice. They believe that there are often numerous alternative dining choices convenient to the hotel location. The 1996 annual report by HKTA revealed that travelers had spent almost 30 percent of their total receipts on meals out. Hong Kong, renowned as a 'Food Paradise', has long attracted travelers to spend a considerable sum on dining out.

Factor Four, **Business Services**, appears to be applicable only to business travelers. This factor consists of three business-related attributes, namely, 'availability of secretarial service - Q17', 'availability of business-related meeting rooms - Q18' and 'availability of business-related facilities - Q19'. Review of relevant literature, however, indicates that the provision of business services and facilities is not a prime factor for hotel selection, regardless of whether or not travelers are business-type or leisure-type travelers. Instead, cleanliness of room and hotel, location, room rates and employee attitude are rated as the important hotel attributes by both business and leisure travelers (Knutson, 1988; McCleary *et al*, 1991, 1993; Lewis, 1984, 1985).

Factor Five, **Value**, is associated with the travelers' perceptions of value for money, with 4 items: 'room value for money - Q30', 'hotel food & beverage value for money - Q31', 'comfortable ambiance of the hotel - Q32' and 'hotel being part of reputable chain - Q33'. Of the four items, 'hotel food & beverage value for money - Q31' is located in the 'Concentrate Here' quadrant of the Importance-Performance Grid. This item, in line with 'hotel being part of reputable chain - Q33' received the lowest mean scores of the four items, contributing to a relatively less favorable factor mean than that of other hotel factors. Travelers may consider that hotel catering facilities in Hong Kong are not value for money, and in this respect they may perceive hotels in Hong Kong, even those with famous reputations, in a negative way.

Special attention should be directed to the 'Value' factor. In the 1990s, customers are becoming more practical and taking a cautious approach to discretionary spending (Sellers, 1991). Customers are cutting back and looking for ways to buy more for less, yet are becoming more and more demanding in the purchase process. Power (1991) mentioned that the marketing 'watchword' for the 1990s is 'value' as customers are demanding the right combination of product quality, fair prices, and good services. For example, Ananth *et al* (1992) found that leisure travelers expressed more concern with regard to a hotel's reputation and name familiarity. In addition, as the hotel industry is highly competitive and homogenous in terms of service and facilities, the availability of alternatives to the traveler can be regarded as important attributes in a customer's future purchase behavior (Burton, 1990; Knutson, 1988). As Hong Kong has been a place of high accessibility, hoteliers should pay more attention to enhance the value of their offerings to achieve a competitive advantage. A positive image is one tactic to achieve a competitive advantage (Porter, 1980) and a corporate image is an important determinant of service quality (Gronroos, 1982).

Factor Six, **Security**, is composed of three items: 'responsibility of security personnel - Q20', 'reliability of loud fire alarms - Q21' and 'availability of safe box - Q22'. In particular, the items security personnel and loud fire alarms were ranked in the top ten of the 33 attributes by travelers. Therefore, it can be concluded that travelers have a favorable perception of the safety and security aspects of hotels in Hong Kong. Guest security in hotels included those measures required to maintain a sense of well-

being, to protect life and property, and to minimize the risk of disasters or crime. The aspect of safety and security is mentioned in numerous studies as being important to travelers (Atkinson, 1988; Marshall, 1993; Rutherford & McConnell, 1991). Female travelers, especially, want to be safe and secure in their accommodation, and are willing to pay for it (Hopkins, 1986, Howell *et al*, 1993; McCleary *et al*, 1994). Leisure travelers also pay attention to security and safety aspects (Banerjee, 1994; Clow *et al*, 1994; Knutson, 1988). This concern is likely to stem from the fact that pleasure trips usually involve a family, and most travelers are therefore sensitive to what may happen around them. As well, senior travelers tend to place a high priority on personal security (Dychtwald & Flower, 1990; Shortt & Ruys, 1994).

Andorka (1996) commented that, to be safe and secure in a hotel environment, travelers should have a shared responsibility with the hotel for their safety. This could mean leaving 'Travel Safety Tips' in hotel rooms for travelers to examine. A hotel with a sophisticated safety and security system is likely to enjoy a marketable amenity. The safety and security system may differentiate the property system from its competition, hence becoming a winning device for a hotel to gain travelers' confidence and trust (Marshall, 1993).

Factor Seven, **IDD Facilities**, is arguable because it is a single-item factor. It is questionable to ask whether a single item can represent the whole factor. However, some past studies have included single-item factor (Oppermann, 1996; Yau & Chan, 1990).

This factor reflects that travelers, regardless of whether or not they are business-type or leisure-type, perceive the communication networks provided by hotels in Hong Kong to be effective and efficient services. As Hong Kong is an advanced financial and business centre with excellent communication facilities, IDD services should be provided by hotels in Hong Kong, as expected by most travelers. Everyone has a basic level of expectation with regard to these factors. So, if a customer's expectations are not met or exceeded, his or her perceptions of service quality and satisfaction will be affected (LeBlanc, 1992; Oliver, 1981).

Four items were deleted from the scale because they did not meet the minimum factor score cut-off point (loading $\geq$ 0.50) and did not load onto the correct factor. The deleted four items were: item 2 (TV and radio are of high quality), item 9 (Leisure facilities are available), item 10 (Reservation system is reliable) and item 29 (Hotel location is convenient).

Specific attention should be addressed to items 9 and 29. Item 9 (Leisure facilities are available), is next to the least important attribute, as perceived by travelers staying in hotels in Hong Kong. Understandably, as Hong Kong is a tiny place, hotels are confined to medium-scale establishments and the provision of recreational facilities is limited to a swimming pool, spa and fitness centre. These recreational and leisure facilities provided by Hong Kong's hotels are hardly comparable to those in western hotels, such as a year-round swimming pool and tennis court.

Item 29, convenience of location, is cited as the prime factor for hotel selection (Ananth *et al*, 1992; Rivers *et al*, 1991). In this study, convenience of location was ranked fourth in the 'Importance' part and ranked second in the 'Perception' part. When choosing a hotel, travelers realize that convenience of a hotel's location is important to them. Applying into the Hong Kong hotel industry, travelers are very satisfied with this attribute, implying that hotels are conveniently located in Hong Kong. Hong Kong, a metropolitan city of 1,075 sq. km. with well-developed communication and transportation facilities, has 86 hotels (under HKTA's Classification) on the Hong Kong Island, Kowloon Peninsula and New Territories. Travelers may not perceive that there is any locational difference among hotels in Hong Kong. Moreover, many hotels offer limousine service for their travelers. It does not take travelers too much time to travel from one location to another within the territory. In addition, it is believed that a cheaper tariff offered by a remote hotel may compensate for its inconvenience. A hotel located in a remote area normally offers a cheaper room rate so as to attract travelers to select it and stay there. Travelers who find the hotel value for money are likely to be satisfied even though the hotel is relatively far away from the central business districts and shopping areas.

Regarding the potential contribution of using the Factor Analysis in this study, we have applied it to identify the seven hotel factors that explain most of the variations among the hotel attributes and to create the correlated variable composites from the

original attribute ratings for subsequent regression analysis (Section 1.4.2. of Chapter One).

5.3. COMPARISON BETWEEN BUSINESS AND LEISURE TRAVELERS REGARDING PERCEPTIONS OF HOTEL FACTORS

The seven hotel perception factors for business travelers, in order of importance, were 'IDD Facilities', 'Room Quality', 'Service Quality', 'Security', 'General Amenities', 'Business Services', and 'Value'. For leisure travelers, the seven hotel perception factors, in order of importance, were: 'Security', 'Room Quality', 'Service Quality', 'IDD Facilities', 'Value', 'General Amenities', and 'Business Services'.

The three hotel factors found to be significantly different ($p \leq 0.05$) between business and leisure travelers were the 'Business Services' factor, 'Security' factor and 'IDD Facilities' factor. As for the 'Business Services' and 'IDD Facilities' factors, significant at ≤ 0.01, business travelers gave them a higher mean score than leisure travelers did. In particular, business travelers had an obviously higher mean score on the 'Business Services' factor than did leisure travelers, reflecting that business travelers considered the provision of business services and facilities to be important, and they were generally more frequent users of these facilities.

In contrast, the 'Security' factor, significant at ≤ 0.05, had a higher mean score rating from leisure travelers than from business travelers. Lewis's study (1984), for instance, compared the perceptions of hotel services and facilities between business and pleasure travelers. He reported that pleasure travelers gave higher mean scores on variables such as fire safety and security than did their business counterparts. In fact, safety and security are reported to be the main concern of leisure travelers while patronizing a hotel (Banerjee, 1994; Clow *et al*, 1994; Knutson, 1988; Marshall, 1993). This concern is likely to result from the fact that pleasure trips usually involve a family, and most leisure travelers have a heightened sensitivity of what may happen to them and their families.

The exploration of differences between business and leisure travelers, in relation to their perceptions of hotel factors in hotel stay, has contributed to the hotel industry in the sense that hoteliers are able to undertake appropriate market segmentation based on travelers' purpose of visit (Section 1.4.1. of Chapter One).

5.4. COMPARISON BETWEEN ASIAN AND WESTERN TRAVELERS REGARDING PERCEPTIONS OF HOTEL FACTORS

A comparison of the seven hotel factors between Asian and Western travelers was carried out. The main purpose was to explore whether the two groups differed significantly in their perceptions of the services and facilities offered by hotels in Hong

Kong. Ignoring the significant level, the study shows that Asian travelers gave the highest perception score to the 'Room Quality' factor, followed by 'Security', 'IDD Facilities', 'Service Quality', 'General Amenities', 'Value' and 'Business Services'. On the other hand, western travelers considered 'Service Quality', 'Room Quality', 'IDD Facilities', 'Security', 'General Amenities', 'Value' and 'Business Services' to be important to them in relation to their hotel stay in Hong Kong.

The four hotel factors found to be statistically significant ($p \leq 0.05$) between Asian and western travelers were the 'Service Quality' factor, 'Business Services' factor, 'Value' factor and 'General Amenities' factor. Western travelers rated higher mean scores on these factors than did their Asian counterparts, suggesting that western travelers in general have a more favorable perception of hotel services and facilities in Hong Kong hotels than their Asian counterparts. In fact, limited studies have focused on the cross-cultural comparison in terms of travelers' expectations and perceptions of hotel facilities and services.

However, the difference in the 'Value' factor between Asian and Western travelers could be attributed to the development of Asia-Pacific tourism. Currently, over 70 percent of travelers to Hong Kong are of Asian origin, mostly coming from mainland China, Taiwan, Japan or Southeast Asia (Go *et al*, 1994; Siu *et al*, 1987). These Asian travelers to neighboring Asia Pacific regions are more concerned with short-haul destinations, and with mid-range moderately priced hotels (Hoon, 1992; Baldwin &

Brodess, 1993). Moreover, these Asian travelers tend not to spend too much on accommodation as compared to their Western counterparts (Go *et al*, 1994). Renton de Alwis, former Pacific Asia Travel Association (PATA) Vice President, noted that "travel flows to and within the Asia Pacific Region are continuing to grow into this decade and beyond. The region is now itself a significant generator of outbound travel, and the numbers entering the volume travel or mass travel market are increasing at rapid speed, whereas the traditional three to six million visitors to the Asia Pacific Region from the Americas and Europe will grow at a steady but slow pace" (Alwis, 1996). Hong Kong, at the core of the Asia Pacific, has benefited from the influx of visitors from neighboring countries. However, since Hong Kong has become an expensive tourist destination since the mid 1980s (Militante, 1994), it gives a warning signal to Hong Kong's hoteliers that Asian travelers realize that Hong Kong is not an inexpensive place to visit. To capture this key potential market, hoteliers should focus more efforts and resources on satisfying the needs of Asian travelers, e.g., developing budget-type hotels to respond to their needs.

The exploration of differences between Asian and Western travelers, in relation to their perceptions of hotel factors in hotel stay, has contributed to the hotel industry in the sense that hoteliers are able to undertake appropriate market segmentation based on travelers' nationality (Section 1.4.1. of Chapter One).

5.5. THE RELATIVE IMPORTANCE OF THE HOTEL FACTORS IN INFLUENCING TRAVELERS' OVERALL SATISFACTION

Using regression analysis, this study assessed the relative importance of the perceived hotel factors that affected travelers' overall satisfaction levels with their hotel stay. The analysis provides hotel managers with valuable marketing and managerial clues. The regression results indicate, from an empirical perspective, that the 'Staff Service Quality' factor appears to have the most influence on travelers' overall satisfaction levels, followed by the 'Room Quality', 'Value', 'General Amenities', 'IDD Facilities', 'Business Services' and 'Security' factors. This finding clearly demonstrates that the service encounter or customer-employee interaction is a major determinant affecting travelers' perceptions of service quality, resulting in their overall satisfaction (or otherwise) with hotels in Hong Kong.

The factor, 'Value', had the third largest beta coefficient, and significantly influenced travelers' overall satisfaction levels. However, this hotel factor was ranked only sixth by travelers in the perceptions of staying in the hotels in Hong Kong. Breaking the 'Value' factor into its attributable items, we see: 'Q30 - room value for money', 'Q31 - hotel food & beverage value for money', 'Q32 - comfortable atmosphere' and 'Q33 - brand reputation'. Item 'Q30 - food & beverage value for money', the only item identified in the 'Concentrate Here' quadrant, was derived from the Importance-Performance Analysis. Therefore, it can be concluded that the hotel industry in Hong Kong is failing to meet the expectations of travelers regarding 'Value'.

That is, travelers in general do not perceive the hotel offerings in Hong Kong to be value for money, however, they still perceive that 'Value' is influential in determining their satisfaction.

From a managerial perspective, if the determinant hotel factors that have a major impact on travelers' overall satisfaction levels are identified, hotel managers should then address particular resources that relate to these factors. This study has found that 'Staff Service Quality' is the most influential factor determining travelers' overall satisfaction with hotels in Hong Kong. Hoteliers should therefore devote more effort to human resources training. It is suggested that the seven items in the 'Staff Service Quality' factor should receive as much attention as possible. For instance, in-house training programs could be arranged to improve employee courtesy, helpfulness, understandability, language skills, appearance, and check-in/check out efficiency. Furthermore, hoteliers should also ensure that all employees are required to become involved in setting quality standards, and employees should realize that maintaining service quality is part of their jobs (LeBlanc & Nguyen, 1996).

Additional resources should also be directed to improving the quality of rooms including room set-up, cleanliness, quietness, and room temperature control. In this regard, hoteliers need to ensure that their hotels reflect their positioning statements well, and they should place emphasis on environmental cues when designing advertising and

promotional activities. This will help them to attract new customers and gain market share (LeBlanc & Nguyen, 1996).

As for the other hotel factors that seem to be less significant in explaining travelers' overall satisfaction levels, hoteliers should still maintain high standards in relation to these factors in order to meet the basic needs of travelers. Additional resources and efforts should be devoted to the 'Value' aspect, which is the third determining factor for the customers' satisfaction, although this factor is not well perceived by travelers. This is because every traveler has basic level of expectations regarding these factors, but if the traveler's expectations are not met or exceeded, his or her perceptions of service quality and satisfaction could be affected (LeBlanc, 1992; Oliver, 1981).

The Multiple Regression Analysis can assess the relative impact of the hotel factors. In this study, we revealed that 'Staff Service Quality', 'Room Quality' and 'Value' are determinant hotel factors which affect travelers' overall satisfaction level with a hotel stay (Section 1.4.2. of Chapter One).

5.6. The Relative Importance of the Hotel Factors in Influencing Travelers' Likelihood of Returning to the Same Hotel

It is essential for hotel management to understand the relationship between travelers' perceptions of services and facilities offered by the hotels they stayed in, and their intention to repurchase. The possibility of a return visit means an increase in revenue for the hotel. Hoteliers should identify those hotel services and facilities (or hotel factors) that affect travelers' perceptions, and which may eventually lead them to a subsequent future purchase if they return to Hong Kong. In other words, hoteliers should identify the relative importance of each of the perceived hotel factors in affecting travelers' likelihood of returning on a subsequent trip. The results of the regression analysis indicate that the statistically significant components that influence travelers' likelihood of returning to a particular hotel on a subsequent trip are: 'Staff Service Quality', followed by 'Room Quality', 'Value', 'Business Services', 'General Amenities' and 'IDD Facilities'. Similarly, 'Staff Service Quality', 'Room Quality' and 'Value' appeared to be the top three hotel factors that determine travelers' overall satisfaction levels and their likelihood of returning to the same hotel as well. Hoteliers, therefore, should invest time and resources in those dimensions in order to raise travelers' perceptions, hence leading to repeat patronage. Also, specific attention should be directed to the 'Value' factor, as travelers currently find that hotels in Hong Kong do not represent value for money, and the city is an expensive place to visit.

An exploration of the applicability of Multiple Regression Analysis of the seven hotel factors (independent variables) on travelers' likelihood of returning to the same hotel (dependent variable) has successfully examined the relative impact on each of the hotel factors. 'Staff Service Quality', 'Room Quality' and 'Value' have been identified as the determinant hotel factors that have the greatest influences on travelers' likelihood of returning to similar hotels in their subsequent trips (Section 1.4.2. of Chapter One).

CHAPTER SIX - CONCLUSION

This study identified, separately, those hotel attributes that are considered to be important by travelers when choosing a hotel, and perceived quality of these attributes to the travelers in the hotel stay. The study also compared the hotel attributes according to their importance and performance, as perceived by travelers. Furthermore, 29 of the 33 original hotel attributes were grouped into seven dimensions or hotel factors that are significant in evaluating the service quality of the Hong Kong hotel industry. Using these seven hotel factors, comparison analyses between travelers with different reasons for traveling, and different countries of origin, were carried out, and significant differences were noted. Finally, the seven hotel factors were examined to assess their relative importance in determining travelers' overall satisfaction levels with their hotel stay and their likelihood of returning to the same hotel on a subsequent trip.

6.1. SUMMARY OF FINDINGS

A series of problem statements were formulated in this study, and the following section assesses how well this study has answered the questions raised.

1. What are travelers' beliefs concerning the importance of hotel attributes when choosing a hotel?

The top ten important attributes for all travelers, in relation to hotel choice decision, are:

•Room is clean

•Staff are helpful

•Staff understand your requests

•Hotel location is convenient

•Room is quiet

•Staff are polite and friendly

•Bed/mattress/pillow are comfortable

•Staff provide efficient service

•Loud fire alarms are reliable

•Room is value for money

2. What are travelers' perceptions of the hotel attributes during their hotel stay?

Regarding travelers' perceptions of the services and facilities offered by hotels in Hong Kong, the ten most positive hotel attributes are:

•Room is clean

•Hotel location is convenient

•Staff have neat appearance

•Staff are polite and friendly

•Staff are helpful

•Security personnel are responsible

•Staff provide efficient service

•Loud fire alarms are reliable

•Check-in/check out are efficient

•In-room temperature control is of high quality

3. Is there any difference between travelers' beliefs about the importance of hotel attributes, and their perceptions of hotels' actual performance in relation to these attributes?

Comparing the lists of the top ten hotel attributes according to their perceived importance and performance, from the point of view of travelers, six attributes appeared in both lists. The top ten hotel attributes, regardless of their perceived importance and performance, seem to share common characteristics in terms of room qualities, employee attitudes and performance, convenience and safety. The only exception was Q31 (room value for money). This item, although it was considered as important by travelers when making a hotel choice decision, was not rated highly by them. This suggests that travelers in general may not perceive Hong Kong's hotels to offer value for money.

On the other hand, when the hotel attributes were included in the Importance-Performance Analysis (IPA), it produced a result in the quadratic presentation grid that suggested that 20 (or 66%) of the 33 hotel attributes fell into Quadrant II (Keep Up the Good Work). The 20 hotel attributes included some major aspects covering customer-

employee interaction, room quality, location and safety. Only one hotel attribute (Q31 - hotel food and beverage value for money) was captured in the area of concern - Quadrant I (Concentrate Here).

4. What are the core hotel attributes in influencing travelers' evaluation of quality of services and facilities offered by hotels in Hong Kong?

Seven dimensions, or hotel factors, of perceived quality of services and facilities in the Hong Kong hotel industry were identified in the factor analysis: 'Staff Service Quality', 'Room Quality', 'General Amenities', 'Business Services', 'Value', 'Security' and 'IDD Facilities'. The findings concur with past studies, which have suggested that these common dimensions or factors are generally perceived by travelers in their lodging choice decisions (Ananth *et al*, 1992; Atkinson, 1988; Burton, 1990; Cadotte & Turgeon, 1988; Clow *et al*, 1994; Knutson, 1988; Lewis, 1984 1985; Marshall, 1993; McCleary *et al*, 1993; Weaver & Heung, 1993; Wilensky & Buttle, 1988).

5. Is there any difference between business and leisure travelers, with regard to the underlying dimensions of their perceptions of the services and facilities offered by hotels in Hong Kong?

Three of the seven hotel factors were found to be statistically significant for business and leisure travelers. They were: 'Business Services', 'Security', and 'IDD Facilities'. 'Business Services' and 'IDD Facilities' were found to be important to business travelers, whereas 'Security' was deemed to be important by leisure travelers.

6. Is there any difference between Asian and Western travelers, with regard to the underlying dimensions of their perceptions of the services and facilities offered by hotels in Hong Kong?

Four of the seven hotel factors were found to be statistically significant for Asian and Western travelers. They were: 'Staff Service Quality', 'General Amenities', 'Business Services' and 'Value'. In general, Western travelers had more favorable perceptions of the hotel services and facilities in Hong Kong than their Asian counterparts, in relation to the four hotel factors mentioned above.

7. Are travelers' perceptions of underlying dimensions of hotel attributes appropriate indicators of their overall satisfaction levels?

This study adopted the regression analysis technique, which examined the relative significance of the dimensions of hotel services and facilities (hotel factors) in influencing travelers' overall satisfaction levels. Based on the results of the regression analysis, 'Staff Service Quality' was found to be the most significant dimension (hotel factor) in determining travelers' overall satisfaction levels.

8. Are travelers' perceptions of the underlying dimensions of hotel attributes appropriate indicators of their likelihood of returning to the same hotel on a subsequent trip?

In investigating the relative significance of the dimensions of hotel services and facilities (hotel factors) in influencing travelers' likelihood of returning to the same

hotel, the results showed that 'Staff Service Quality' appeared to be the most significant dimension in determining travelers' likelihood of returning to a particular hotel.

6.2. IMPLICATIONS OF THE STUDY

The information obtained from this study can help hoteliers to understand travelers' perceptions of the Hong Kong hotel industry. The results of this study have revealed that the Hong Kong hotel industry is doing an excellent job in providing the services and facilities that meet most travelers' needs, especially in the areas of human interaction and room qualities. To be successful in business, one must understand how customers perceive the product/service attributes, and their importance and performance when compared to competitors. The importance of 'being competitive' and 'offering a competitive advantage' has been recognized for many years. In the hotel environment, where competition dominates, hotel managers must study the strengths and weaknesses of the products/services they provide, and they must define properly their importance and performance. Only by doing so can the customers' needs or desires be met, leading to a synergy of customer satisfaction --- brand loyalty --- and repurchase behavior. To maintain Hong Kong's present status as one of the world's most attractive tourist destinations, it is necessary for Hong Kong hoteliers to thoroughly understand which hotel attributes are important to travelers, and the level of performance of these attributes. This results of the Importance-Performance Analysis specifically identified one area that requires special attention. The area of attention (Concentrate Here) relates

to food and beverage pricing. The result also provides an explicit signal to hotel management that additional resources should be directed towards promoting the hotel's food and beverage, at reasonable prices.

Moreover, based on the results of this study, hoteliers can plan effective marketing strategies to attract business and leisure travelers, from both Asian and Western markets. Analyzing perceptions of quality in terms of different segments can help hoteliers to develop and formulate marketing strategies to meet needs of each specific segment (LeBlanc, 1992).

In addition, as staff service quality is identified as the most influential factor in determining travelers' overall satisfaction levels and their likelihood of returning, it provides hoteliers with a clear direction on how to improve their service provision and delivery in the hotel industry in Hong Kong. This is a useful and effective way for management to identify what problems exist, and why. Once customers' requirements are clearly identified and understood, hotel managers are likely to be in a better position to anticipate and cater for their customers' desires and needs, rather than merely reacting to their dissatisfaction (Oberoi & Hales, 1990). Measuring customer satisfaction is an integral part of the effort to improve product quality, which in turn leads to an improvement in the company's competitive advantage (Cravens et al, 1988; Garvin, 1991). As customer satisfaction is influenced by the availability of customer services, the provision of quality customer service has become an increasingly important concern

for most businesses (Berry & Parasuraman, 1991). Anton (1996) mentioned that customer satisfaction is a state of mind in which a customer's needs, wants, and expectations throughout the product or service life have been met or exceeded, resulting in repurchase and loyalty. Because customer satisfaction is likely to lead to repeat purchases and favorable word-of-mouth publicity (Fornell, 1992; Halstead & Page, 1992), an understanding of this concept is essential for hoteliers.

As hotel businesses are long-term investments, those hotels that can attract, maintain and retain customers are more likely to survive. Hong Kong hotels are competing fiercely for a larger and more stable market share, so the marketing focus for hoteliers is to increase the number of repeat customers and to prolong their length of stay by meeting their needs more effectively (Heung, 1996). A better understanding of the phenomenon of repeat purchase would help hoteliers to develop customer loyalty for their products and services. As staff service quality has been identified as the most influential component in determining customers' likelihood of returning, the implication is that hotel customers nowadays not only look for basic services and facilities provided by a hotel, but also expect a high standard of personal service. Hoteliers should ensure the quality of hotel services by constantly reviewing their customers' needs, and by strengthening customer service training programs for their employees. Internal marketing is also crucial to the quality of hotel services: treating employees as internal customers would enhance the employees' satisfaction, which is fundamental to the provision of good service to the hotel customers (Heung, 1996). Customer satisfaction in

relation to any one or a combination of the hotel factors (attributes) is likely to result in a favorable image for the hotel enterprise. And more importantly, a good image can mean winning business from the competition, and improve market performance (Park *et al*, 1986).

6.3. RECOMMENDATIONS FOR FUTURE RESEARCH

This study was a comparative one in nature, attempting to identify determinant hotel attributes, compare them among travelers with their demographic and traveling profiles, and examine the relative significance of these attributes in contributing to travelers' overall satisfaction levels and their repurchase intentions. However, various area, directly and indirectly related to the research reported here require future attention.

Firstly, further study should investigate the needs and desires of senior travelers. The senior market has been increasing quite significantly in recent years. Miller (1996) stated that retired persons, aged 50 or over, traveled more frequently than individuals under 50. These travelers spent more than US$30 billion on vacation travel in 1994 in the United States alone, and the figure is expected to rise. To capture the potential senior market, Hong Kong hoteliers should keep an eye on seniors' needs, and respond to those needs properly.

Secondly, it is recommended that future studies be implemented to identify the perceptions of hotel services and facilities among travelers of separate segments, i.e., mainland China, Taiwan, Japan, Southeast Asia, the USA/Canada, East Europe, West Europe, Australia/New Zealand, etc. Tailor-made marketing plans and tools could then be implemented in response to the specific needs of each segment.

Last but not least, an insight comparison of customers' perceptions and satisfaction levels in relation to hotels of different categories should also be carried out in the Hong Kong hotel industry, especially in relation to Medium-Tariff hotels. Nowadays, the rapid increase in Medium-Tariff hotels appears to be a direct response to changes in traveler profiles. Currently, over 70 percent of travelers to Hong Kong are of Asian origin. Hong Kong, at the core of the Asia Pacific region, has benefited from the influx of travelers from its neighboring countries. These increasing traveler arrivals from Asian countries include those coming from mainland China, Taiwan, Japan and Southeast Asia. However, these travelers tend not to spend very much, when compared to their western counterparts (Go *et al*, 1994). As a result, the rapid growth of Asian markets has contributed to the development of medium-priced hotels in Hong Kong, and this trend is expected to continue.

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APPENDIX

APPENDIX 1 : A SUMMARY OF LITERATURE REVIEW ON THE STUDIES OF HOTEL ATTRIBUTES

Reference (In chronological order)	Study Objective	Key Hotel Attributes
General Hotel Attributes		
Bush & Hair (1976)	• To compare lodging choice for discount and conventional motels	**Discount motels :** • Price • Location • Appearance **Conventional motels :** • Past experience • Appearance • Location
Atkinson (1988)	• To identify the desires of tourists of the hotel chain Days Inns America based on 59 hotel attributes	• Cleanliness • Safety • Value for money • Courtesy & helpfulness of staff
Wilensky & Buttle (1988)	• To identify determinant hotel factors in hotel selection using Factor Analysis on 40 hotel attributes	• Personal service • Physical attractiveness • Relaxation • Service standards • Image • Value for money • Suitability for business travelers
Dahl (1989)	• To identify determinant hotel attributes for frequent travelers	• Direct-dial phones • Bathroom amenities • Non-smoking rooms
Burton (1990)	• To identify important hotel attributes for travelers	• Physical appearance • Location • Convenience • Alternative hotel availability
Rivers et al (1991)	• To examine hotel choice between members and non-members of frequent guest programs	• Convenience of location • Overall service

Reference (In chronological order)	Study Objective	Key Hotel Attributes
Rutherford & McConnell (1991)	• To analyze executive's concerns with security aspect	• Staff training • Lighting • Locking systems • Security personnel • Monitoring criminal activity • Controlling access • Communicating risk to customers • Remote electronic monitoring
Ananth *et al* (1992)	• To identify the importance of 57 hotel attributes in hotel choice	• Price & quality • Security • Convenience of location
Marshall (1993)	• To identify key hotel attributes to gain travelers' confidence	• Safety & security
Schaefer *et al* (1995)	• To examine the relative importance of 23 hotel attributes to motorcoach tour operators	• Cleanliness • Service promise • Reservation reliability • Competency of staff • Security
Tsaur & Tzeng (1995)	• To measure the relative importance of hotel attributes to travelers	• Lighting equipment • Safety equipment • Non-smoking area • Quietness

Reference (In chronological order)	Study Objective	Key Hotel Attributes
Heung et al (1996)	• To examine the differences in hotel selection attributes between loyal and disloyal travelers	**Loyal travelers :** • Cleanliness • Comfort of room • Location • Safety • Friendliness & courtesy of staff **Disloyal travelers :** • Room rates • Cleanliness • Comfort of room • Safety • Location
LeBlanc & Nguyen (1996)	• To examine five hotel factors that signal image to travelers	• Physical environment • Corporate identity • Service personnel • Quality of services • Accessibility
Business Travelers vs. Leisure Travelers		
Parasuraman et al (1985)	• To identify service quality perceptions of leisure travelers in hotel choice selection	• Employees' service quality
Knutson (1988)	• To examine the differences between business & leisure travelers' hotel choice criteria	• Room cleanliness & comfort • Convenience of location • Promptness & courtesy of service • Safety • Friendliness of staff
Lewis (1984, 1985)	• To analyze 66 hotel attributes to determine the basis of hotel selection	• Location • Price • Security • Service quality Room/bath furnishings

Reference (In chronological order)	Study Objective	Key Hotel Attributes
Cadotte & Turgeon (1988)	• To identify members of American Hotel & Motel Association on 26 categories of compliments	• Helpful attitude of staff • Cleanliness • Neatness • Quality of service • Knowledge of service
Lewis & Chambers (1989)	• To identify hotel attributes for business travelers	• Location • Room rates • Reputation of a hotel
Oberoi & Hales (1990)	• To assess 54 service quality attributes for conference lodging establishments in the United Kingdom	• Employees' reaction • Responsiveness • Dependability • Competence • Understandability • Abilities
Taninecz (1990)	• To identify hotel attributes for business travelers	• Cleanliness • Comfort of mattresses & pillows • Quality of towels
McCleary & Weaver (1991)	• To identify key attributes for influencing the brand loyalty of business travelers	• Membership in a hotel chain's frequent guest program
Ananth et al (1992)	• To identify concerns of leisure travelers for hotel selection	• Reputation • Name familiarity
Barsky & Labagh (1992)	• To identify key hotel attributes for business & leisure travelers	• Employee attitude • Location • Rooms

Reference (In chronological order)	Study Objective	Key Hotel Attributes
McCleary & Weaver (1992)	• To compare business travelers of frequent guest programs and non-frequent guest programs by using Factor Analysis on 56 attributes	**Frequent guest program :** • Hotel services • Business services • Personal services • Free services • Airline/hotel reward programs **Non-frequent guest program :** • Special services
Weaver & Heung (1993)	• To compare frequent & infrequent business travelers' hotel choice criteria	• Cleanliness • Convenience to business • Reputation • Friendliness of staff Safety • Personal care amenities
Banerjee (1994)	• To identify key attributes for leisure travelers on RY&P/Yankelovich Partners National Travel Monitor	• Safety & security
Clow et al (1994)	• To identify leisure travelers' perceived importance in repeat purchase of hotel accommodation by 14 cues	• Security • Reputation • Dependability • Quality of service
Gilbert & Morris (1995)	• To examine the positive aspects of the hotel service to business travelers	• Comfort of bed • Pleasant surroundings • Availability of business facilities • Relaxing atmosphere • Reputation

Reference (In chronological order)	Study Objective	Key Hotel Attributes
Gundersen *et al* (1996)	• To identify the important attributes that satisfy business travelers	**Tangible aspects :** • General amenities • Comfort of rooms **Intangible aspects :** • Willingness of staff to provide services • Ability of staff • Accuracy of staff • Efficiency of staff
Asian Travelers vs. Western Travelers		
Hoon (1992)	• To identify the cross-cultural differences in terms of hotel services & facilities	**Asian travelers :** • Moderately –priced accommodations **Western travelers :** • Luxurious accommodations
Baldwin & Brodness (1993)	• To point out the trend of Asia-Pacific market	**Asian travelers :** • Moderately-priced accommodations
Bauer *et al* (1993)	• To examine the changing needs of hotel customers in the Asia-Pacific region	**Asian travelers :** • Entertainment **Western travelers :** • Recreational & health facilities
Go *et al* (1994)	• To point out the trend of visitor influx in the Hong Kong hotel industry	**Asian travelers :** • Moderately-priced accommodations • Medium tariff hotels • Value for money

APPENDIX 2 : SAMPLE OF THE QUESTIONNAIRE (ENGLISH)

THE HONG KONG
POLYTECHNIC UNIVERSITY
香港理工大學

**Survey on Travelers' Perceptions
on
Hong Kong Hotel Industry**
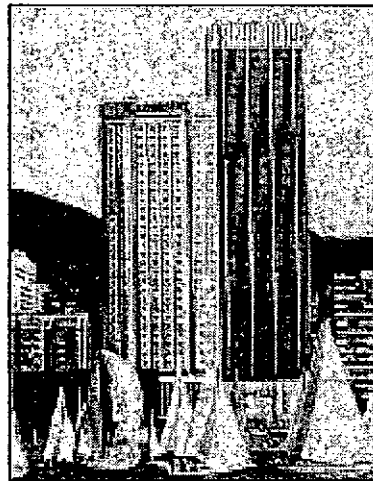
by

Department of Hotel and Tourism Management

Hong Kong Polytechnic University
Hong Kong

Summer 1996

Good morning/afternoon/evening,

We are from the Department of Hotel and Tourism Management, Hong Kong Polytechnic University. We are now investigating travellers' perceptions towards hotels in Hong Kong. We will only take 5 to 10 minutes of your time. Your participation in this survey is greatly appreciated, and your comments and opinion will be of great value to the Hong Kong hotel industry. All the responses will be treated strictly confidential. Thank you very much for your time and cooperation!

Please **Circle** your answer, or write your answer on the line provided.

(1). Are you a tourist or local resident of Hong Kong?

    1). Tourist   2). Local resident (End of interview)

(2). Did you stay in a hotel for this trip?

    1). If yes, please specify the name of the last hotel you stayed in for this trip

_____

    2). No (End of interview)

(3). What is the main purpose for this trip?

    1). Business/Meetings   2). Visiting friends/relatives
    3). Vacation   4). En route
    5). Others, please specify _____

(4). The above-mentioned hotel you chose was on ....

    1). Your own decision
    2). Friends'/relatives' decision
    3). Company's decision
    4). Travel agent's decision
    5). Others, please specify _____

(5). How many times have you stayed at this hotel (including this trip)?_____ time(s)

(6). How many nights have you stayed in this hotel this trip?   _____ night(s)

(7). What sources of information did you use in choosing this hotel?

1). Travel agencies 2). Airlines
3). Travel brochures/magazines 4). Television/radio commercials
5). Friends and relatives 6). Business associates
7). National tourist organisations (e.g. HKTA, Hong Kong Tourist Association)

(8). We would like to obtain your opinions on a number of hotel features in terms of the importance of the feature to you when choosing a hotel and your level of agreement with each feature at the hotel where you stayed.

On the left hand column, please **Circle One** number to indicate the **Level of Importance** of each of the following features when choosing a hotel.

1	2	3	4	5	6	7
Extremely Unimportant	Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Important	Extremely Important

On the right hand column, please **Circle One** number to indicate the **Level of Agreement** for each of the following features at the hotel where you stayed.

1	2	3	4	5	6	7	D/K
Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree	Do Not Know

Hotel Features	Level of Importance in choosing a hotel		Level of Agreement for the hotel where you stayed		
	extremely unimportant → extremely important		strongly disagree → strongly agree		do not know
1. Room is clean	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
2. TV and radio are of high quality	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
3. Bed/mattress/pillow are comfortable	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
4. In-room temperature control is of high quality	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
5. Room is quiet	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
6. Mini-bar is available	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
7. Food & beverage facilities are of great variety	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
8. Food & beverages are of high quality	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
9. Leisure facilities are available (e.g. swimming pool, fitness centre,sauna)	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
10. Reservation system is reliable	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K
11. Check-in/check out are efficient	1 2 3 4 5 6 7		1 2 3 4 5 6 7		D/K

Hotel Features	Level of Importance in choosing a hotel							Level of Agreement for the hotel where you stayed							
	extremely unimportant						extremely important →	strongly disagree						strongly agree →	do not know
12. Wake-up call is reliable	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
13. Valet/laundry service is efficient .	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
14. Room service is efficient	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
15. Information desk is available	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
16. International direct dial (IDD) is available	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
17. Secretarial service is available	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
18. Business-related meeting rooms are available	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
19. Business-related facilities are available (e.g. copy machine, fax machine, computer)	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
20. Security personnel are responsible	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
21. Loud fire alarms are reliable	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
22. Safe box is available	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
23. Staff are helpful	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
24. Staff are polite and friendly	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
25. Staff have neat appearance	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
26. Staff provide efficient service	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
27. Staff have multi-lingual skills	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
28. Staff understand your requests	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
29. Hotel location is convenient	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
30. Room is value for money	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
31. Hotel food & beverage is value for money	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
32. Hotel provides comfortable ambience	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K
33. Hotel is part of a reputable chain .	1	2	3	4	5	6	7	1	2	3	4	5	6	7	D/K

(9). How satisfied are you with the hotel you chose to stay?

1	2	3	4	5	6	7
Strongly Dissatisfied	Dissatisfied	Somewhat Dissatisfied	Average	Somewhat Satisfied	Satisfied	Strongly Satisfied

(10). How likely are you to choose this hotel again on next trip?

1	2	3	4	5	6	7
Most Unlikely	Unlikely	Somewhat Unlikely	Average	Somewhat Likely	Likely	Most Likely

(11). What is your sex?   1). Male   2). Female

(12). What is your age?

      1). 20 years or below   2). 21 - 30 years
      3). 31 - 40 years   4). 41 - 50 years
      5). 51 - 60 years   6). 61 years or above

(13). What is your country of residency?

_____

(14). What is your highest education completed?

      1). Primary school level   2). Middle school level
      3). High school level   4). University/College level
      5). Postgraduate level

(15). What is your present occupation?

      1). Management/Administration   2). Professional
      3). Self employed   4). White collar worker
      5). Blue collar worker   6). Sales
      7). Civil servant   8). Student
      9). Retired/Not in work force   10). Others, please specify

_____

(16). What is your annual income level?

      1). US$10,000 or below   2). US$10,001 - US$20,000
      3). US$20,001 - US$30,000   4). US$30,001 - US$40,000
      5). US$40,001 - US$50,000   6). US$50,001 - US$60,000
      7). US$60,001 - US$70,000   8). US$70,001 - US$80,000
      9). US$80,001 - US$90,000   10). US$90,001 or above

THANK YOU VERY MUCH FOR YOUR TIME AND COOPERATION!

APPENDIX 3 : LETTER OF PERMISSION TO IMPLEMENT SURVEY AT THE HONG KONG INTERNATIONAL AIRPORT

民 航 處
香 港 國 際 機 場

CIVIL AVIATION DEPARTMENT
HONG KONG INTERNATIONAL AIRPORT
HONG KONG

本函檔號 *Our Ref.:*   (15) in PS/2/14 VIII

Attn: Mr. Raymond Chu

來函檔號 *Your Ref.:*

電 話 *Tel. No.:*   2769

圖文傳真 *Fax No.:*   2764 9656   7 August 1996

Dr. John Ap
Assistant Professor
Department of Hotel & Tourism Management
The Hong Kong Polytechnic University
(Fax No.: 2764 3374)

Dear Sir,

Airport Survey

I refer to your letter dated 26 July 1996 regarding the proposed surveys by your two colleagues, Mr. Heung and Mr. Chu. I am pleased to advise that approval in principle in given for the surveys to be carried out as detailed in your letter. The following conditions shall apply:

1. The survey on Travellers' Perception of Hotel Attributes will be conducted between 12 August to 24 August 1996.

2. The survey on Restaurant Service Quality at Hong Kong Airport will be conducted between 10 September to 30 September 1996.

3. The interviewers must wear a clear identification tag.

4. The interviewers must report to the Airport Management Duty Office at the Departure Hall before and after each survey session.

5. No airport operations shall be affected/interrupted by the survey in any way.

6. This management reserves the right to stop or defer the survey at any time should circumstances so dictated.

Please let me know should I be of any further assistance to you.

Yours faithfully,

(Albert P.H. SO)
Ag. Manager
(Technical Administration)
for Director of Civil Aviation

c.c.   CM
       DAAM

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APPENDIX 4 : DISTRIBUTION OF SAMPLE BY HOTEL CATEGORY

HOTEL	LOCATION	NUMBER OF RESPONDENTS	%
HIGH TARIFF 'A'			
CONRAD HOTEL	CENTRAL	5	
GRAND HYATT	WANCHAI	6	
ISLAND SHANGRI-LA HONG KONG	CENTRAL	2	
JW MARRIOTT	CENTRAL	12	
MANDARIN ORIENTAL	CENTRAL	5	
NEW WORD HARBOUR VIEW	WANCHAI	8	
THE PENINSULA	TSIMSHATSUI	7	
THE REGENT	TSIMSHATSUI	4	
SUB-TOTAL		49	12.2
HIGH TARIFF 'B'			
FURAMA KEMPINSKI HONG KONG	CENTRAL	11	
GOLD COAST HOTEL	TUEN MUN	3	
GRAND PLAZA	QUARRY BAY	1	
GRAND TOWER	MONGKOK	6	
HOLIDAY INN GOLDEN MILE	TSIMSHATSUI	8	
HONG KONG RENAISSANCE HOTEL	TSIMSHATSUI	4	
HYATT REGENCY HONG KONG	TSIMSHATSUI	7	
KOWLOON SHANGRI-LA	TSIMSHATSUI	3	
MIRAMAR HOTEL	TSIMSHATSUI	1	
NEW WORLD	TSIMSHATSUI	8	
NIKKO	TSIMSHATSUI	3	
RAMADA HOTEL KOWLOON	TSIMSHATSUI	9	
REGAL AIRPORT	KOWLOON CITY	15	
REGAL HONG KONG HOTEL	CAUSEWAY BAY	6	
REGAL KOWLOON HOTEL	TSIMSHATSUI	5	
REGAL RIVERSIDE	SHATIN	9	
SHERATON HOTEL	TSIMSHATSUI	3	
THE EATON HOTEL	YAU MA TEI	4	
THE EXCELSIOR	CAUSEWAY BAY	9	
THE HARBOUR PLAZA	HUNG HOM	1	
THE HONG KONG HOTEL	TSIMSHATSUI	5	
THE KOWLOON HOTEL	TSIMSHATSUI	7	
THE MARCO POLO	TSIMSHATSUI	6	
THE METROPOLE HOTEL	MONGKOK	6	
THE PARK HOTEL	TSIMSHATSUI	8	
THE PARK LANE	CAUSEWAY BAY	7	
THE PRINCE	TSIMSHATSUI	NIL	
THE RITZ-CARLTON HOTEL	CENTRAL	2	
THE ROYAL GARDEN HOTEL	TSIMSHATSUI	2	
THE ROYAL PACIFIC HOTEL	TSIMSHATSUI	3	
THE WESLEY	WANCHAI	3	
WINDSOR	TSIMSHATSUI	4	
SUB-TOTAL		169	42.0

Hotel	Location	Number of Respondents	%
Medium Tariff			
Bangkok Royal	Yau Ma Tei	3	
BP International House	Tsimshatsui	17	
Century Hong Kong House	Wanchai	11	
City Garden	North Point	11	
Empire Hotel	Causeway Bay	10	
Evergreen Hotel	Yau Ma Tei	NIL	
Grand Stanford Harbour view	Tsimshatsui	3	
Guangdong Hotel	Tsimshatsui	5	
Harbour View International House	Wanchai	3	
Hotel Concourse	Mongkok	8	
Imperial Hotel	Tsimshatsui	NIL	
International Hotel	Tsimshatsui	2	
King's Hotel	Yau Ma Tei	3	
Kowloon Panda Hotel	Tsuen Wan	7	
Luk Kowk	Wanchai	10	
Majestic Hotel	Yau Ma Tei	8	
Nathan Hotel	Yau Ma Tei	5	
New Astor Hotel	Tsimshatsui	NIL	
New Cathay Hotel	Causeway Bay	NIL	
New Harbour	Wanchai	5	
Newton Hotel Hong Kong	North Point	6	
New Hotel Kowloon	Mongkok	6	
Pearl Seaview Hotel	Yau Ma Tei	3	
Royal Park Hotel	Shatin	3	
Shamrock Hotel	Yau Ma Tei	2	
Silvermine Beach Hotel	Silvermine	NIL	
South Pacific Hotel	Causeway Bay	5	
Standford Hillview Hotel Hong Kong	Tsimshatsui	NIL	
Stanford Hotel	Mongkok	3	
The Charterhouse	Causeway Bay	24	
The Kimberley Hotel	Tsimshatsui	4	
The Prudential Hotel	Tsimshatsui	14	
The South China Hotel	North Point	NIL	
The Warwick Hotel	Cheung Chau	NIL	
The Wharney Hotel Hong Kong	Wanchai	3	
Sub-Total		**184**	**45.8**
Total		**402**	**100.0**