

## FACTORS MOTIVATING LOCAL TRAVELERS SELECTING 4 STAR HOTELS IN SUBANG JAYA, SELANGOR, MALAYSIA.

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### ABSTRACT

*The purpose of this paper is to identify the factors that lead the local traveller's decision making in selecting 4 star hotels in Subang Jaya, Selangor Malaysia. The area of focus will be in hotel facilities, hotel price, location of hotel and brand image of the hotels. In most cited literature reviews, many researchers have studied on the factors influencing hotel guests in selecting hotels to stay in. However, there were not many researches done on hotels in suburban cities of Malaysia. This study uses quantitative method to measure and obtain the information from a statistical and numerical point of view. Total 150 participants of local travellers around Subang Jaya suburban city were approached to answer the self-designed questionnaire. The results show that out of the four factors picked (price, location, facilities and brand image), only three have influences on the traveller's decision making. The results also show that price has the major influence on local traveller's selection of hotel to stay in. This paper will be able to contribute to the literature and provide opportunity for a comparative study of traveller's decision making with other studies taken in different parts of the globe.*

**Keyword:** Selection, decision making, hotel facilities, hotel price, hotel location, brand image local travellers, four star hotels, gender.

### INTRODUCTION

The increase of hotels being opened around Klang Valley has sparked high competition among hotels to remain in the market. Upscale hotels have a hard time to sustain or retain their hotel guests as there are many emerging lower scaled hotels providing same or even excellent quality product and services to the guests as compared with upscale hotels.

The growth in tourism in Malaysia has shown an increase every year between 1998 – 2013 in terms of tourist arrivals where in year 2013 there is 25.72 million tourists arrival visiting Malaysia (Corporate.tourism.gov.my, 2015). With the number of travellers increasing every year to Malaysia, new hotels are being built to accommodate different needs and wants of travellers as well as the need to follow with the current trend in order to compete in the market.

With the rising of hotels around Klang Valley, the supply and demand of hotels to accommodate the ever growing travellers will be affected thus affecting Malaysia's tourism and hospitality industry as well as the economy growth. In other words, the increase of traveller arrivals will cause an increase in economic growth in Malaysia (Abang Abdul Rahman, 2015).

This study aims to understand the factors that influence the local travellers in selecting 4 stars hotels in Subang Jaya as well as determine which of the factors place the most impact in the hotel guests' decision making. The scope of this study is Subang Jaya suburban city, southern third district of Petaling, which is known as 5th most populous city in Malaysia (Statistics.gov.my, 2015). There are wide variety of hotels in the city which includes 4-5 stars options and budget hotels scattering around the city. This paper contains material relevant to education as well as to the tourism and hospitality industry where hoteliers and managers can use this study to understand in what areas travellers look into when selecting Subang Jaya's 4 stars hotels and improve on the areas that can attract and retain new customers.

## **LITERATURE REVIEW**

### **Local Guests**

From studies done by Azmi, Maghzi and Aziz (2011) local guests have slightly higher expectations on services of the hotels located in their own home country compared to the foreign guests. However, they also stated that it does not mean the local guests have relatively greater level of expectation on services of the hotel compared to the non-local guests. Foreign guests have lower expectation on the services of the hotel because they do not have a specific standard to evaluate the "services" behaviour in commercial context (Azmi, Maghzi and Aziz, 2011). Local guests are able to form their expectation based on the standard of "social hospitality" of their local culture (Azmi, Maghzi and Aziz, 2011). As a resident of their own country, they will know more information about the hotels including positive and negative services the hotel made for promotional materials. All valued propositions promoted by the hotel marketers would help formed hotel guest's expectations towards the hotel services. As mentioned by Zeithaml et al (2009) negative service promises would particularly have a direct effect on service expectation.

### **Price**

Price is one of important marketing tools to attract customers to purchase their products (Armstrong & Kotler, 2003). Business establishments or marketers normally adopt different pricing strategies to achieve their desired sales objectives (Hsu & Powers, 2002). In the competitive hotel market, price reduction strategy is also commonly employed by marketers as a result of keen competition. However, Reid, Bojanic and David (2006) argued that reducing price strategy to attract customers may not be effective. On the other hand, hotel operators may need to focus on other areas they can improve in order to attract and retain their customers in the long run.

## **Location**

Location is a very important aspect in the hotel marketing mix (Armstrong & Kotler, 2003). Ideal hotel locations for travellers especially business travellers would have been at the centre of travel networks and near destinations. The fastest-growing location type for hotels is downtown, serving the growing number of business-oriented destinations such as office parks and company headquarters (Hsu and Powers, 2002).

For a business, being in a place where the customers are important to the business's success especially the hotel industry (Reid, Bojanic & David, 2006). Verma (2002) stated that location was among the most important factors desired by both business and leisure travellers. This could be possibly because the vast majority of business travellers chose the hotel location in relation to their purpose of visits. Therefore, business hotels normally located in the prime locations which had easy access to business areas, shopping centres and embassies in order to serve the needs of business travellers. In general, location of the service providers and their accessibility are very important selling point in hospitality industry (Armstrong & Kotler, 2003).

## **Facilities**

A hotel typically provides various facilities to serve the needs of business or leisure travellers. According to Verma (2002), 59 per cent of travellers considered 'fitness facilities' as an important factor in their hotel choice. Yet, for female travellers, hotel amenities were more important to them (Hsu and Powers, 2002). To add on, it was found that safety and security facilities was among the highest ranking importance to female business travellers when selecting hotel to stay in because female tends to be more concerned on security issues rather than males (McCleary, Weaver and Hutchinson, 1993). Lastly, high speed internet access was another facility that hotel operators usually provide to their hotel guests in the rooms because 70 per cent of business travellers prefer to stay in a hotel with internet connection availability (Adams, 2001).

## **Brand Image**

Kumar and Singh (2014) stated that reputation and brand name of the hotel plays a very important role in the selection criteria of the hotel. Most hotel guests nowadays are brand conscious therefore it also has an impact in selecting hotels to stay. Differ from the younger guests, older hotel guests are more loyal towards the brand where they specifically choose their hotel of preference when traveling (Kumar and Singh, 2014). They are more conscious about the services of these hotel brands and it is very difficult to change their preferences. Heskey, Sasser and Hart (1990) stated that 78 per cent of business and leisure travellers in all demographic groups revealed that they usually do not have the time to check the quality of different hotels. The travellers usually stay at the same hotel brands they did stayed last time and 56 per cent stated that it was risky to stay at hotel brands that they were not familiar with. Another study by Chikushi (2008) point out that 85 per cent of business travellers and 76 percent of leisure travellers prefer branded hotels and accommodation over independent properties.

## **METHODOLOGY**

According to the Malaysian Association of Hotels (2014) Government of Malaysia, there are total of 91 registered hotels in Selangor. Accumulating data from all the hotels cities inside Selangor is beyond the scope of the current exploratory study hence it was limited to Subang Jaya, suburban city in Selangor. As stated in the Business Directory Listing under the Subang Jaya Municipal Council official website (2015) there are a total of 9 hotels in Subang Jaya.

Out of the 9 hotels, 3 hotels inside the list were identified as 4 star hotels which are Dorsett Grand Subang, Empire Hotel Subang and Summit Hotel. Guests who have had experience staying in the hotels or currently staying in the respective hotels were selected as the respondents. A total of 150 questionnaires were collected from the four stars establishments.

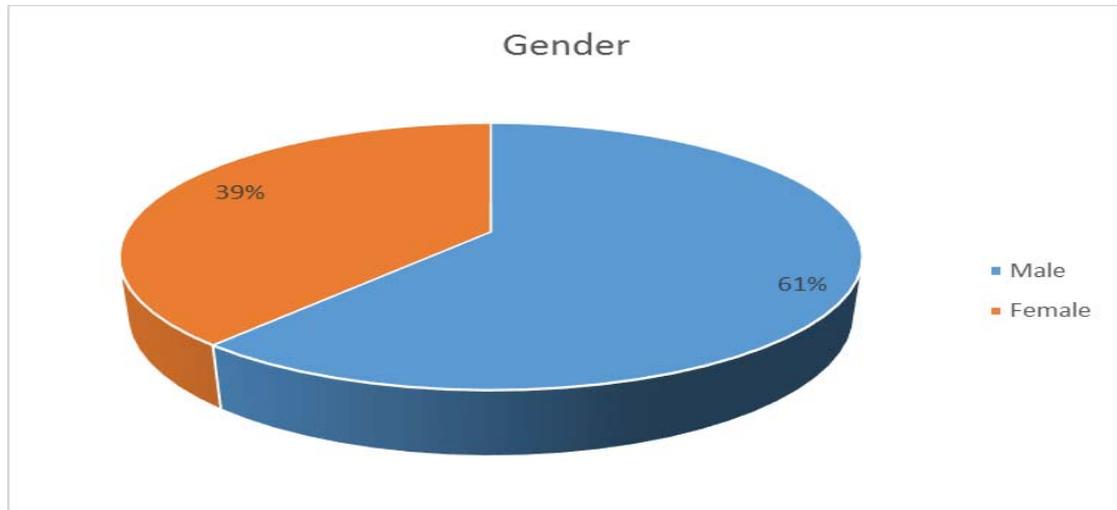
The questionnaire was self-constructed for this research study with input from individual items selected and customised based on studies as such. The questionnaire consists of three sections. The first section gathers data on the important attribute of facilities, location, price, brand image and type of travellers by hotel guests. The second section requires an evaluation of how the hotels performed from the guest's opinions as listed of facilities, location, price, and brand image. The third section gathers demographic details of hotel guests such as gender, age, type of trip, income and so on. This study's questionnaire uses a Likert scale of 1-6 where 6 represents the highest importance or agreement with the statement and 1 represents lowest importance or agreement with the statement. 0 represented no opinion therefore it is excluded from the questionnaire.

Regression test was conducted as to estimate the relationship between each of the factors (price, location, facilities and brand image) with travellers' decision making in selecting hotels.

## RESULTS AND FINDINGS

### Demographics Factors

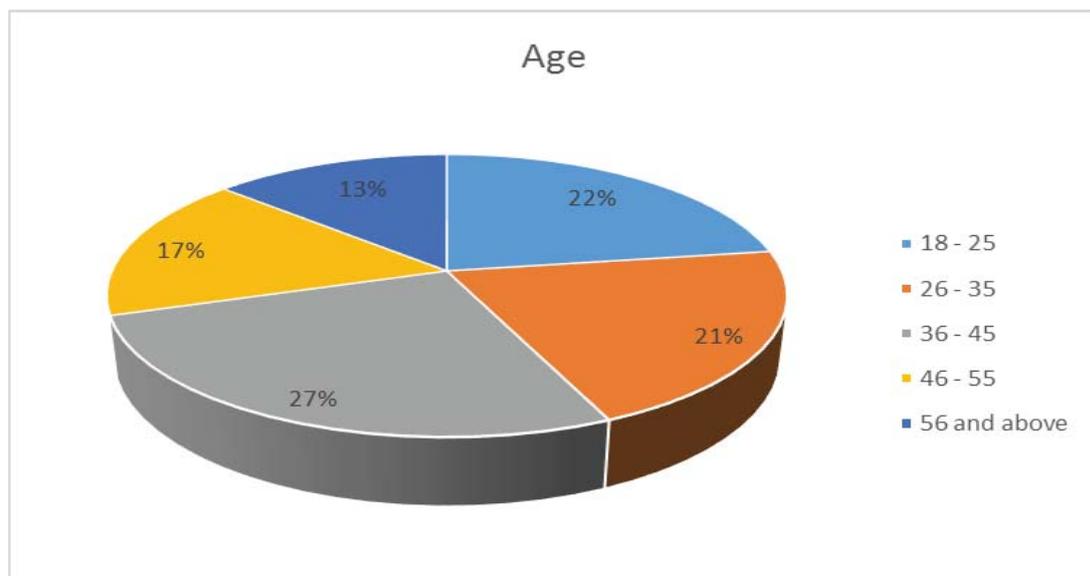
#### Gender Distribution among Respondents



**Figure 1: Gender Distribution among Respondents**

A total of 160 questionnaires were distributed out of which 150 were returned and usable. As per Figure 1, 92 respondents were male (61%) and 58 respondents were female (39%).

#### Age Distribution of Respondents

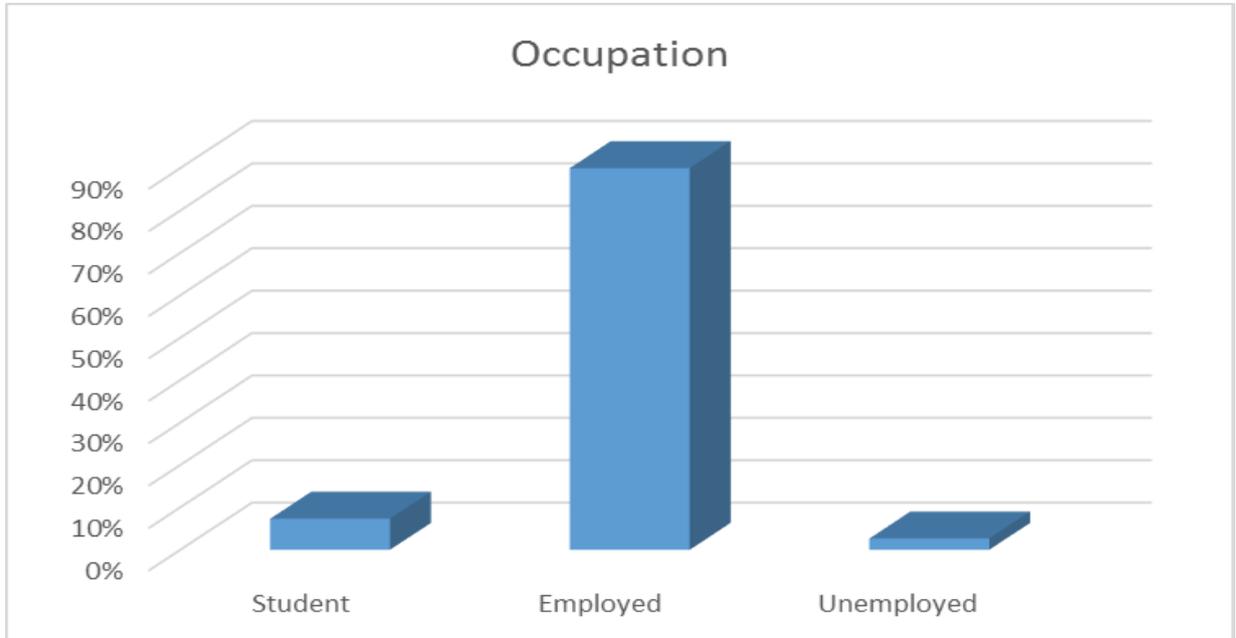


**Figure 2: Age Distribution of the Respondents**

As shown in Figure 2, most of the respondents are between the age of 36 to 45 years old (41 out of 150 respondents), followed by 18 to 25 years old (33 out of 150 respondents), 26 to

35 years old (32 out of 150 respondents), 46 to 55 years old (26 out of 150 respondents) and the lowest were from the age of 56 and above (18 out of 150 respondents).

### Occupation of Respondents



**Figure 3: Occupation of the Respondents**

As shown in Figure 3, most of the respondent are working adults (135 out of 150 respondents), followed by students (11 out of 150 respondents) and unemployed adults (4 out of 150 respondents).

### Regression Coefficients for Independent Variables

**Table 1: Regression Coefficients for Independent Variables**

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.088	0.136	0.327	0.824	0.695	0.337	0.695	0.337
Price	0.093	0.177	0.527	0.006	0.257	0.443	0.257	0.443
Location	0.073	0.080	0.919	0.015	-0.084	0.230	-0.084	0.230
Facilities	0.075	0.105	0.710	0.031	-0.134	0.283	-0.134	0.283
Brand image	0.028	0.109	0.261	0.795	-0.187	0.244	-0.187	0.244

### **Price does influence local travellers in selecting 4 star hotels in Subang Jaya**

Results from the sampled hotels depicted a positive relationship between price and traveller's selection in four star hotels in Subang Jaya. The P-value for price were 0.006 which is lower than 0.05. Hence hypothesis two is accepted. Price has the highest impact towards the respondent's selection of hotels in Subang Jaya. The average four star hotel room price in Subang Jaya are ranged from RM200 to RM350 according to Agoda websites. Four star hotels in the city centre of Kuala Lumpur are ranged from RM350 to RM450 according to Agoda website hence it can be concluded the hotel room price in Subang Jaya are ranged much lower compared to the hotels in Kuala Lumpur. Most travellers would rather pay lower for the same room, services and facilities of a hotel room. According to Choosrichom (2011), customers nowadays are becoming more practical and taking a cautious approach towards discretionary spending. Customers are cutting back and looking for ways to buy more for less, and are becoming more demanding in the purchase process (Choosrichom, 2011).

### **Location does influence local travellers in selecting 4 star hotels in Subang Jaya**

Results from the sampled hotels depicted a positive relationship between location and traveller's hotel selection. The P-value for location were at 0.015 which is lower than 0.05. Hence, hypothesis three is accepted. The location in Subang Jaya can be considered a strategic point as it is well-connected to cities such as Kuala Lumpur, Shah Alam and the townships of Petaling Jaya through networks of many major highways. Besides that, Subang Jaya has many mode of public transportation available such as the urban-suburb rail link, the KTM Commuter which provides transportation towards city centre of Kuala Lumpur and Port Klang. Public bus transportation is also provided by several companies such as RapidKL and Metrobus which goes around the city and also to Kuala Lumpur. Other than that, the distance to Subang Airport is at 6.2km from Subang Jaya which is another advantage for traveller staying in Subang Jaya hotels. Location is one of the important factors which lead to guest satisfaction with the hotel product hence influencing future purchase (Kuviva, 2014). Physical qualities of a hotel have either positive or negative impact on customer selection. The location around the hotel can be included among the physical qualities of a hotel.

### **Facilities does influence local travellers in selecting 4 star hotels in Subang Jaya**

Results from the sampled hotels depicted a positive relationship between facilities and traveller's hotel selection. The P-value for facilities were at 0.031 which is lower than 0.05. Thus hypothesis 4 is accepted. Hotel traveller placed an importance towards facilities when they are selecting hotels to stay in. The facilities provided by the four star hotels in Subang Jaya are well equipped and can be catered to all types of travellers staying in the hotels. For example, all three hotels which are Summit Hotel, Empire Hotel and Grand Dorsett Subang hotel have the facilities and amenities to cater to business traveller which includes mailing services, business centre, audio/visual equipment rental, meeting rooms and etc. Whereas facilities and amenities cater to leisure traveller includes fitness room, spas, swimming pool, baby cot and many more. The research done by Kuviva (2014), revealed that room comfort and other facilities is another critical aspect of the accommodation product considered by travellers when making choices of where to stay. This is also supported by McCleary,

Weaver and Hutchinson (1993) where it is found that facilities is an important attributes considered by business travellers when selecting a hotel for their stay. A clean facility will attract business from current and potential guests.

### **Brand image does influence local travellers in selecting 4 star hotels in Subang Jaya**

Results from the sampled hotels depicted a negative relationship between brand image and traveller's hotel selection. The P-value for facilities were at 0.795 which is higher than 0.05. Therefore hypothesis five is rejected. It is shown that the hotel travellers deemed brand of the hotel is not important to them when they are selecting hotel to stay in. Brand awareness is a hotel guest's ability to recognize or recall the brand and brand associations are anything linked in memory to a brand. Typically, brand associations are led by brand awareness. From research done by Kim and Kim (2007), brand associations can include not only tangible, concrete characteristics (e.g., bathroom amenities, guest rooms, and other facilities) but also intangible, abstract attributes of the organization (e.g., affective benefits guests expect from staying at the hotel). Research has shown that guests may be aware of the brand without having a strong set of brand associations in their minds (Kim and Kim, 2007). Hospitality researchers assert that when high awareness of a hotel name does not automatically convert to hotel brand equity unless favourable brand associations are developed in customers' minds (Kim and Kim, 2007).

## **CONCLUSION**

This study has identified the four hotel factors, which are deemed important to travellers. The four hotel factors are 'Price', 'Location', 'Facilities' and 'Brand Image' respectively, and are considered to be the influential factors in determining traveller's hotel choices.

The findings are considered useful to the hotel industry as they provide a clear indication on how to improve their service provisions and delivery channels in Subang Jaya four star hotels. This study provides useful and effective ways for hotel operators to identify the potential problems that are likely to occur, and to understand why. Once the hotel attributes in relation to customer's preference are clearly identified and understood, hotel operators are more likely to be able to anticipate and cater to their customer's needs and wants, rather than merely reacting to their dissatisfaction. Four star hotels in Subang Jaya are competing fiercely for a larger market because they have a limited base of travellers and hotel guests, thus the hotel operators focus for hoteliers is to increase the number of hotel guests and to prolong their stays by meeting their needs more effectively. A better understanding of the occurrence of repeat purchase would help hotel operators to develop customer loyalty for their products and services.

As price has been identified as the most influential in determining traveller's selecting four star hotels in Subang Jaya, this is what four star hotel operators in Subang Jaya should consider while developing marketing strategies for the market because price are amongst the factors that hotel guests are most particular about when purchasing. Even if the hotel is excellent and provides good service but the price is too high for travellers whom are particular about price, they will not choose to stay there.

The other hotel's factors such as 'Location', 'Facilities' and 'Brand Image' cannot be ignored or deemed unimportant. Although in this study finds out that these hotel attributes are found to be less important in influencing traveller's decision in selecting four star hotels in Subang Jaya, hotel operators should maintain the standards of these services and facilities to meet the basic needs of the hotel guests. Hotel operator should be aware that even though these factors are not the centre factors leading to traveller's choice of the hotel, the absence of these factors to meet hotel guest's needs and wants could result in dissatisfaction.

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