International Journal of Tourism and Hospitality Management in the Digital Age
Volume 5 • Issue 1 • January-June 2021

Customer Satisfaction Model:
Identify the Determinants of Budget Hotel

Sara Sarwari, Stamford University, Bangladesh
https://orcid.org/0000-0002-4494-8827

Tanvir Ahmed Minar, Stamford University, Bangladesh

Nasrin Shah Naaz, Royal Melbourne Institute of Technology (RMIT), Australia

Md Al Amin Hossain, Stamford University, Bangladesh

ABSTRACT

In the service industry, one of the main challenges is to provide customer satisfaction. Though the number of budget hotel in Bangladesh is increasing, but customer satisfaction of these hotels are still ignored. The aim of the study is to identify the determinants that satisfy the customers in these hotels. The research targeted a total of 350 selected respondents from different budget hotels in Bangladesh. The descriptive analyses were conducted by using Amos SPSS 24. Findings reveal that price is the ultimate preference for budget hotels along with products and service quality for satisfying customers. Customers are unconcerned with the services provided by the hotel staff and the location of the hotel as well.

KEYWORDS

Budget Hotel, Customer Satisfaction, Price, Product, Service Quality

1. INTRODUCTION

Tourism has emerged as a major contributor to the economy of the nation, as many new destinations have opened, and investment in tourism development has resulted in socioeconomic progress, job creation and infrastructure development. The Euromonitor (2018) country report illustrates that Bangladesh has robust economic growth and is possible to continue to do so, as strong consumption supports the economy. There is a shift in concentration in the last several years from luxury to midmarket budget hotels with respect to service quality and customer loyalty. This trend has created a new opportunity for the development of the hospitality industry (Hospitality India, 2014). By 2024, international tourist arrivals are forecasted to 611,000 generating expenditure of BDT 15.5 billion. Travel and Tourism's contribution to total national investment will rise from 1.5% in 2014 to 1.6% in 2024 (Sanjay & Mallika, 2015).

Many of these tourists undertake thrill-laden journeys throughout the year. Online-savvy backpackers are looking for fresh experiences and are interested in unexplored locations. They obtain

DOI: 10.4018/IJTHMDA.2021010103

This article, published as an Open Access article on January 11, 2021 in the gold Open Access journal, International Journal of Tourism and Hospitality Management in the Digital Age (converted to gold Open Access January 1, 2021), is distributed under the terms of the Creative Commons Attribution License (http://creativecommons.org/licenses/by/4.0/) which permits unrestricted use, distribution, and production in any medium, provided the author of the original work and original publication source are properly credited.

tour-related guidelines from social media. On the other hand, domestic tourists specially the ordinary middle class people are mostly remained home centered; high expenditures also discourage many from visiting many expensive places (The Financial Express, 2018).

Xie & Chaipoopirutana (2014) emphasize that the vital to a hotel's accomplishment is tourists' satisfaction. Therefore, budget hoteliers need to promote their hotels as well as their products and services and improve local tourists' satisfaction. Additionally, many tourists are anxious about their budget and saving their money. They prefer to "use less to enjoy more" (Tan, 2014). As there are no statistical (either government or private) data available on how many budget hotels there are in Bangladesh, the researcher cannot share an exact number. Although five-star hotels in Bangladesh draw many loyal customers, budget hotels cannot yet to do so. They cannot even fully satisfy their customers. As the number of budget hotels grows, hoteliers face more competition to satisfy their customers, especially domestic tourists, who now have many options from which to choose. According to Jana & Chandra (2016), customer satisfaction has turn into a significant aspect of the hotel industry. Unlike other industries, the hotel industry success depends on customer retention. If customers are not satisfied by the services they get from the hotel, they will look for better services somewhere else (Jana & Chandra, 2016).

Though a growing concentration on budget hotels has been roused among domestic tourists, but the significant factors for the success of this area in Bangladesh were still to find like China (Wen et al., 2009). To fill this research gap, the researcher tries to find the factors that affect customer satisfaction in budget hotels in Bangladesh. A literature review was performed as part of this procedure; primary data has been collected from 350 respondents in different budget hotels in Bangladesh. Analysis of the primary data was performed by using SPSS version 24. We identified the measurement and conceptual models of this study by using structural equation modeling (AMOS 24.0 software). Furthermore, the research will contribute expressively to the hospitality industry; the outcome can be used to improve the service quality of budget hotels in Bangladesh, as their customers expect less service quality and more price-related offers. This study aims to provide practical contributions to the budget hotels and other tourism sectors. Domestic and international companies can beneðt from the results generated from its results.

Very few studies have been performed to identify the factors that are necessary to satisfy the customer in a budget hotel. No specific components were identified in this regard. Hence, through this research, the author sets the following objectives for this study:

- Which determinants (product, price, place, people, service quality) satisfy the customers in budget hotels in Bangladesh?
- What is the significant relationship between price and customer satisfaction in budget hotels in Bangladesh?

2. LITERATURE REVIEW

2.1. Budget Hotel

The budget hotel is a contemporary idea that changes the demand in the tourism industry. As the typical full service hotels have so many facilities, budget hotels always provide basic services for the visitors with no extra facilities. (Yu, 2012; Abu Khalifeh & Al Battat, 2015). The idea of budget hotel was found in 1920s in US (Shen, 2006). Though the budget hotel has been established globally and the terms "budget", "limited service" and "economy" are frequently used all over the hospitality industry, there is no uniform, broadly known characterization of this sector (Fiorentino, 1995). Fiorentino defined it as a small hotel that is funded by one person or a small group, and its managers are most of the time its titleholders. In the UK, the budget hotel has some basic operational characteristics: extensive geographic coverage of the hotel network, ease of access, a central reservation system, uniform guest

16 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/article/customer-satisfaction-model/267926

Related Content

Nature-Based Tourism: A Study on Consumer Behavior When Participating in Camping Activities
Sandra Filipe, Belem Barbosaand Claudia Amaral Santos (2020). *Global Opportunities and Challenges for Rural and Mountain Tourism (pp. 112-130).*
www.irma-international.org/chapter/nature-based-tourism/247770

Role of ICT And Tourism in Economic Growth of India
Surender Kumar, Karuna Chauhanand Abhay Kumar Srivastava (2017). *International Journal of Tourism and Hospitality Management in the Digital Age (pp. 1-16).*
www.irma-international.org/article/role-of-ict-and-tourism-in-economic-growth-of-india/177119

The Creative Turn of the Wine Industry
Pasquale Sassoand Ludovico Solima (2018). *International Journal of Tourism and Hospitality Management in the Digital Age (pp. 36-47).*
www.irma-international.org/article/the-creative-turn-of-the-wine-industry/201105

Leveraging on Digital Technologies to Up-Scale Tourism for Economic Growth in Africa
John E. Efiongand Adewale S. Adegbola (2020). *International Journal of Tourism and Hospitality Management in the Digital Age (pp. 42-54).*
www.irma-international.org/article/leveraging-on-digital-technologies-to-up-scale-tourism-for-economic-growth-in-africa/240704

Looking at the Future of Medical Tourism in Asia
Somjit Barat (2021). *International Journal of Tourism and Hospitality Management in the Digital Age (pp. 19-33).*
www.irma-international.org/article/looking-at-the-future-of-medical-tourism-in-asia/267925