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Measuring physical evidences and customers' satisfactions at hotels & resorts in lumut

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ABSTRACT

Customer's satisfaction is identify as the most essential concept of marketing with solid evidence of strategic links between physical evidences (interior and exterior design) and customer satisfaction (Bitner, 1992). The spirit of innumerable researches in diverse industries endorse that the service provider pay greater attention to satisfy their customers. Malaysian government is serious in making the country as a hub for tourism. Unfortunately, until recently, number of complaints on physical evidences of the hotels and resorts keep increasing upward. Accordingly, this current study looks for the impact of physical evidences on the customer's satisfaction in hotels and resorts sector of Lumut. Data was collected through survey questionnaire. A convenience sampling was employed to select the respondents. The results provide a basis from which within industries benchmarking and the identification of best practices can be captured and used by practitioners. Therefore, recognition of significant determinants of customer's satisfaction may facilitate the higher management in adopting and implementing efficient and effective customers' focus strategies.

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Introduction

The hospitality industry is a trillion dollar services sector within the global economy. The industry covers a broad variety of service industries including, but not limited to, hotels, food service, casinos, and tourism. This research is focusing in hotels and resorts sector in tourism industry. According to "Malaysian Tourism Industry Forecast to 2012", international tourist arrivals in Malaysia will grow at a CAGR around 8% during the forecast period (2011-2013). Additionally, the tourism receipts from overseas tourists are expected to rise and surpassing RM 70 Billion (over US\$ 22.4 Billion) by 2013. Malaysian tourism industry will continue to grow rapidly in coming years. Nowadays, the hotels and resorts industries at Malaysia face high competition among them because there are many hotels and resorts available.

Hotels and resorts industries in our country give a huge contribution to the economy of Malaysia. There are many hotels and resorts everywhere located in our country. This is one of the government incomes since the hotels need to pay the government tax from each of services provided. The hospitality industry helps the government to increase or stabilize the level of economy. The hotels and resorts are categorized at different star based on the service they provide and the size of their hotels. The competition between hotels and resorts at the Lumut town is high. There are about fifteen hotels and resorts around Lumut that offered the same services. Some peoples are aware about this but the system of management use nowadays is outdated. The hotels and resorts still use the old system in their management and it also being the same for all facilities they are providing in the hotel. The old facilities sometimes bring problems to the guest when it's broken or damage and not in appropriate conditions.

The online survey dated January 2012 until March 2012 has reported 80.5% of respondents' complaints on interiors and exteriors issues (Retrieved continuously 13 January 2012, 25 February 2012 and 18 March 2012, from http://www.tripadvisor.com.my/Hotel_Review-g298299). Among the complaints are as follows:

"Hotel rooms definitely require refurbishment of its furniture. Pillows smell musty. Replacement required. Bed sheets had holes in them. This is an embarrassment. There was a lot of noise from the rooms above on furniture being pulled and dragged consistently. The rooms were also not sound proof. Anyone talking along the corridor could be clearly heard inside the rooms. Breakfast menu was limited. Thank god for the restaurants nearby. It is recommended that the traveller pick a period that does not coincide with public holidays or festive seasons to stay in Lumut as the access to Pangkor Island via the ferry terminal will be over crowded. Unless you are prepared to stand in the queue for 1-2 hours".

(Munirah, 23 January 2012)

"The hotel has a great scene hotel but maybe too old, furniture getting old, customer care can more improvement due to desire for tipping. Breakfast menu with less choice. Foods health and so...if say 3-4 star should be better. 1) Air-con spoiled, water bowl licking"

(Ooi, 27 January 2012)

"Huge run down hotel that desperately needs refurbishing and painting throughout. The towels are no longer white but grey, and A/C barely works. The service was slow but acceptable." (Guy., 1 February 2012)

All complaints should not be taken into granted because this will influence the future growth of the company. If the tourists read or heard about the review, they might be influence and take

decision not to take any risk by coming again. Clearly, there is still having room for improvement need to be realized by the management of hotels and resorts instilling the satisfaction to their customer. It will be grateful if this research can help these resorts and hotels to explore and find out the level of customer satisfaction towards their company. Then, this study will help this resort to designing the best method or solution to handle and solve this issue.

Literature Review

(I) Customer satisfaction in hotel industry

Until recently, customer satisfaction continues to draw interest and attention among academics and practitioners alike since it is necessary precondition to succeed in highly competitive markets. Customer satisfaction is one of the most important outcomes in the marketing literature. It serves to link processes culminating purchase and consumption with post purchase phenomena such as attitude change, repeat purchase, and brand loyalty (Surprenant and Churchill, 1982). Many researchers found that satisfied customers are keys to long term business success (Kristensen et al., 1992; Zeithaml et al., 1996; McColl-Kennedy and Schneider, 2000). Previous literature had identified that organizations which have superior service quality are market leaders in terms of sales and long-term customer loyalty (Gilbert and Cleopatra, 2006). Elleuch (2008) stressed on the importance of satisfaction as a key predictor of customer intentional behaviours. Studies by Rowley (2005), Choi et al. (2005), Bendall-Lyon and Powers (2004) found that satisfied customers are more likely to return to the same service provider, say good things about a service provider and recommend the service providers to others including family and friends. Customer dissatisfaction on the other hand may result in unfavourable behavioural intentions such as less frequent visits, switching of providers and negative worth-of-mouth (Ramsaran-Fowder, 2008). Thus, the concept of quality improvement has become more important year by year in the service industry, including healthcare services (Lim and Tang, 2000; Pakdil and Harwood, 2005; Badri et al., 2008).

It is a crucial for organization to look a needs and wants of their customers. According to Kotler (2000), satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Hoyer and MacInnis (2001) explained that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. Shu, John and Victor (2002) explained that confirmation results when the actual performance matches initial expectations. When performance exceeds or falls short of expectations, positive or negative disconfirmation results. Positive disconfirmation leads to satisfaction or perceptions of high service quality, while negative disconfirmation leads to dissatisfaction or perceptions of low service quality. Research also suggested that the physical setting may also influence the customer's ultimate satisfaction with the service (Bitner, 1990; Harrell, Hutt, and Anderson, 1980).

The word 'satisfaction' is derived from the Latin word 'satis' which means to do. Satisfaction can be defined as being able to fulfil a matter or to do something sufficiently. Generally, satisfaction can be defined as a good or happy feeling which arises when we get something or when we require it. However, when there is link to the context of management, the definition of satisfaction will be varied and complex. The effectiveness of the service is when the customers' are satisfied with the services

rendered and not according to a rigid service evaluation. The cost will be covered by the company if the effectiveness is not achieved such as loss of clients, reducing staff capital, negative verbal comments and the need to pay compensation due to errors in the services provided.

(II) Elements of physical evidences

Booms and Bitner (1981) define servicescape as "the environment in which the service is assembled and in which seller and consumer interact, combined with tangible commodities that facilitate performance or communication of the service". Servicescapes can help segment, position, and differentiate a company from its competitors (Bitner, 1992). Booms and Bitner (1981) propose an expanded marketing mix for services consisting of the four traditional elements (product, price, place, promotion) and three new elements which are physical evidence (the physical surroundings and all tangible cues), participants (all human actors in the service encounter including firm personnel) and other customers. This study highlighted the elements of physical evidence in the current study.

Physical evidence is one of the elements in the servicescape. Some services communicate heavily through physical evidence (e.g. hotels, restaurants, banks, retail stores and hospitals). These servicescapes are more likely to influence behaviors and create an image than are less service oriented businesses. The physical setting can aid the accomplishment of both internal organizational goals and external marketing goals. The organization is the place where the service is produced cannot be hidden and may in fact have a strong impact on customers' perceptions of the service experience (Bitner, 1992). Because service is intangible, consumers often rely on and look for cues about firm's capabilities and quality to evaluate the service before purchase (Berry and Clark 1986; Shostack, 1977) and to assess their satisfaction. The physical evidence is rich in such cues (Rapoport 1982) and may be very influential in communicating the firm's image and purpose to its customers (Bitner, 1992).

Elements of physical evidence in servicescape are including exterior facility and interior facility. In the category of exterior facility, there is the architectural style of the building, the size of the building, the exterior color, the material of the exterior walls and other signs, the façade of the hotels and resorts, the parking lot, the space in front of the hotels and resorts, if possible a lawn covered with turf (Tam Pui Lam, 2005). An adequate management of the exterior components can lead to the achievement of a competition advantage, in the sense that customers attracted by the general atmosphere of a hotels and resorts would want to re-visit, a fact that would enhance loyalty and satisfaction towards the brand of the respective services company.

H₁: The more exterior facility provided by the hotels and resorts, the better the level of customer satisfaction

Meanwhile the interior facility elements are numerous and refer to multiple aspects: the aspects of walls, of the ceiling and floor, as the materials with which they are covered/ papered; the manner in which the hotels and resorts is enlightened, the sound background, locative elements, interior temperature, possibilities to move inside (Namasivayam & Lin, 2008). These elements could help creating positive feelings towards the service company. Additionally, Bitner (1992) has proposed the servicescape as the packaging of services and can be categorized into three components—ambient conditions, spatial/function,

and signs, symbols and artifacts. Ambient conditions involve sensory elements, such as temperature, color, lights, noise, music, scent, and so on (Bitner, 1992), which affect customers' perceptions of the service environment (Nguyen, 2004). Spatial layout embraces layout, equipment, furnishings, and so on (Bitner, 1992), which reflects physical and spatial environments where the service occurs. Signs, symbols, and artifacts relate to signage, personal artifacts, style of décor, and so on (Bitner, 1992), which contribute to creating an appropriate atmosphere and direct customers to service experiences during their service encounter (Nguyen, 2006). The result discovered that all components of servicescapes have a positive effect on customer satisfaction with the greatest impact. From the study it was also found that customer satisfaction lead to increase in re-patronage intentions as well as the desire to stay for longer duration at the service setting.

H₂: The greater interior facility provided by the hotels and resorts, the better the level of customer satisfaction

Research Methodology

The unit of analysis for this study is the customers for every hotels and resorts in Perak but the aim mainly at Lumut. Questionnaires were distributed to the customers through the drop-off method. The researchers personally delivered and collected the questionnaires from the respective hotels and resorts. This has enabled the researcher to explain the purpose of this research to respective respondents to elicit their cooperation. The survey covers the whole hotels and resorts in Lumut.

The variables were measured through number of customers' comments and complaints towards the hotels and resorts. Although there are a large number of studies on customer satisfaction, only a few attempts have been made so far on physical evidence of the hotels and resorts. Since there are many characteristics on tourism, it is very different from the ones of the other lines of business. It makes service providers difficult to have in hand the quality of services needed by customers. When the customers cannot identify themselves with the services provided by hotels and resorts, the consumer complaint is coming into being (Tzu, 2003).

Data was solicited from 808 customers through the Convenience Sampling method. A two part questionnaire comprising of background data and customer satisfactions towards the physical evidence was distributed. Likert scale with values ranging from 1 (highly dissatisfied) to 5 (highly satisfied) was used to obtain the said responses. Prior to the administration of the questionnaire to the respondents a pre-test was conducted among 30 customers for clarity purposes. These results were excluded from the actual sample. Completed data was analyzed using statistical analysis namely multiple regression.

Descriptive statistics (frequencies/percentages, mean, standard deviation and variance) were initially conducted. In addition, prior to hypothesis testing the data was treated to a Cronbach Alpha reliability test to determine the reliability of the data. The Cronbach Alpha value obtained for customer satisfaction was (0.878). The values obtained were above the minimum requirement of 0.6, thus indicating satisfactory internal consistency reliability (Malhotra, 2007)

Result

Out of the 1440 questionnaires distributed, 822 (57%) were returned. An additional fourteen were rejected as there were numerous missing values. Thus, resulting in the actual number of response is to be 808 (56%). Females and males made up 63% and 37% of the respondents respectively. Twenty-eight

percent were diploma holder, 58% for degree holder and 14% for others. The 31-35 age groups made up the largest group of respondents with 62%. This was followed by 18% for the 36-40 age group and 12% for the 26-30 age group. The remaining 8% were above the age of 41. The Chinese customers constituted the majority ethnic group with 62%, followed by 18% of Malays and 13% of Indians.

Multiple-regression analysis was used with the two factors as independent variables to test the model for customer's satisfaction (see Table II). The full model was found to be significant as indicated by the overall F-statistic ($p < 0.001$). The regression model explained 62% of the variation in the dependent variable, satisfaction, as indicated by the adjusted R² value. The interior design dimension had a significant effect on customer's satisfaction ($\beta = 0.656$; $p = 0.000$). The exterior design dimension ($\beta = 0.006$; $p = 0.938$) was not significant. The results suggest that the model explains customer satisfaction in the hotels and resorts industry reasonably well. The standardized beta values suggest that interior design has the greatest impact on customer's satisfaction.

Conclusion

This study tested a model of customer's satisfaction for the hotels and resorts industry in Perak. The results suggest that the model satisfactorily explains customer's satisfaction and that physical evidence is to be treated as a strategic variable and improved. From the results, it was determined that the "interior facility" dimension was the most important to customers. As services are intangible, a good way of making them tangible is through design and interior atmosphere (Lovelock et al, 2004). The hotels and resorts in Lumut have their own strengths and weaknesses. From this point of view, customers look for brand meanings at the level of performances, materialized through the interior style and design. Additionally, in certain scenery, music may have a powerful effect on perceptions and behaviours. Thus, defining elements of music such as rhythm, volume or harmony are differently perceived, depending on the listener. During the data collection session, we find out all hotels and resorts in Lumut had impress us with such a slow melody of music like jazz and only play the rythm with no voice. Studies have shown that an accelerated tempo and a high volume increase the nervous excitement of an individual, which determines him/her to walk faster, talk precipitately, or eat faster at the restaurant (Milliman, 1982). Willingly or not, individuals tend to adjust their rhythm at the rhythm of music.

The presence of air fresher is highly influences the affective reactions, perceptions, intentions to purchase and behaviour of the customer in a hotels and resorts. Thus, a study has shown that respondents, in the presence of a perfumed environment, appreciate the company image as being positive, the décor as being modern and the quality of services as superior (Spangenberg et al, 1996). Another factor with major impact upon an individual's behaviour is represented by colour or dominant colours of a commercial space. Colour can be stimulant, expressive, exuberant, and symbolic. The interior design must be firstly ecorated in the brand's dominant colours, so as to favour brand recognition and communion. Starting from brand colour, a series of chromatic combinations are allowed in order to induce a certain.

Interestingly, even though interior design is highly influence the customer satisfaction but not with the "exterior facility" items. Whether this was due to the fact that the measures or whether we represent how customers expect us to be (i.e.

respond) in their presence is a moot question and demands additional investigation. In fact, as past studies have suggested (Carman, 1990; Andaleeb, 1998; Andaleeb and Simmonds, 1998), our results seem to corroborate that strict adherence to specific measures in different contexts may not be appropriate. As a specific example, it may be perfectly reasonable for medical or legal services industry, but as a hospitality industry, suggesting that contexts can change meanings of subjective measures. This contention ought to be recognized and further addressed by researchers so that reasonable interpretations of measures can prevail over the need to adhere to popular models or to traditional interpretations of measures that may be considered by some as immutable.

Remarkably, although the secondary research supported it, the exterior facility design of the hotels and resorts did not have a significant effect on customer's satisfaction. We were puzzled when this factor turned out to be insignificant because the substantial research that has been conducted on atmospherics of the hotels and resorts and other facilities substantiate the validity of including this factor in the model. Perhaps the outside appearance of a hotels and resorts work through some other mediating variable to explain customer satisfaction; this should be explored in future research.

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Table I Descriptive statistics, correlation and reliability coefficients.

Variables	MEAN	STD. DEV.	CRONBACH ALPHA	N
Customer Satisfaction	4	0.74	0.878	10
Interior Design	3.45	0.67	0.814	10
Exterior Design	3.56	0.60	0.675	6
Notes: N represent number of items for questions				

Table II Multiple Regressions result (dependent variable: satisfaction)

Variables	Unstandardized coefficients	Std error	Standardized coefficients	t-value	Significance ($p < 0.05$)
Constant	1.671	0.584		3.24	0.002
Interior Design	0.656	0.087	0.523	6.49	0.011
Exterior Design	0.006	0.087	0.005	0.08	0.938
Notes: F= 36.8; $p < 0.001$; Adj R ² =0.62					