



THE EFFECT OF PRICE AND PHYSICAL EVIDENCE ON THE CHOICE OF STUDENT HOSTEL AROUND KNUST CAMPUS

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Abstract

The Hostel industry appears to have reached its decline state, yet people are still investing and developing into the business, especially around the Kwame Nkrumah University of Science and Technology (KNUST), Ghana. Customers (students) have been switching from one Hostel to the other and the competition of the firms within the industry has become very intense. To be able to withstand the competition in the industry, there is the need to investigate the extent to which price and physical evidence affect the selection and renting of Hostel, and other factors determining the choice of Hostels around KNUST Campus, Kumasi. A total of 120 questionnaires were randomly distributed to students living in private Hostels within Ayeduase, Bomso, Kentikrono, Kotei and inside KNUST Campus. Data was collected from 108 participants and analyses were made after a review of Price, Physical evidence, Hostels and other choice determinants. The results from the questionnaires were discussed. It was revealed that although there was a positive relationship between price and physical evidence, student's choice of Hostel was not all that strong. The recommendations made were that Hostels managers should base their price on elasticity rates, managing of physical evidence, Hostels well repositioned and quality being consistent with continuous upgrading.

Key Words: Hostel, KNUST Campus, Physical Evidence and Price.

1. Introduction

1.0 Background

According to Hoffman and Bateson (2001), the service sector continues to grow at a steady rate and which appears to enjoy the greatest growth, undergoing the most substantial changes in hospitality industry, business service, health care and professional services. Fortunately for the service industry, times have changed. In many countries, the standard of living is higher, education is improving and consumers are living longer and have increased leisure times and opportunities are increasing as society continues to rapidly advance. In short, the hospitality industry has advanced with society (Hoffman and Bateson 2001).

The hospitality industry comprises a variety of segment including: food service, accommodation, travel and tourism, meeting and convention planning. Hoffman and Bateson (2001) indicated that the hospitality industry is the largest generator of jobs, with an estimated 338 million people to be employed in 2005, up from 212 million in 1995. This could be acceptable fact as the industry is the world's largest, with the service sector continuing to thrive in large part with the influence of technological developments, democratic changes, and competitive pressure.

The primary service offered by Hostels or lodging facilities is accommodations for students and guest. In Ghana, tertiary institutions were originally built with lodging facilities to accommodate students admitted into the institutions, especially the universities fully accommodated at the time students population was manageable and the halls of residence were spatially capable of catering for their accommodation needs. The education reforms during 1987 however reduced duration for second cycle institutions from 7 years to 3 years before entering universities; and the strike action in 1995 by universities lecturers, including those in KNUST led to increases in admission intake without proportional increase in students lodging facilities. This gradually resulted in non-residential students' status in tertiary institutions. Following this, individuals and families began to convert private properties and home in and around the vicinity of tertiary institutions into Hostel facilities. Accommodation became so scarce that residence around and near the institutions including Ayeduase, Bomso, Kentikrono, Kotei among other's rented their rooms for higher price and sought to rooms at lower price in the nearby communities.

The subsequent educational reform, demographic and technological changes created investment opportunities for entrepreneurs to make provision for non residential students. Business men invested into Hostels development and converted their properties such as houses and land around the institutions into Hostels. A case in point is Rev. Dr. Owusu-Bi, a lecturer in KNUST (1987) and later a Managing Director of Bureau of Integrated Rural Development (BIRD) KNUST, Kumasi established Shalom Kibbutz Hostel in 1993. Since then, the industry has become very lucrative, attracting potential competitors as there exists no entry barriers. Currently, supply subsequently exceeded the demand for accommodation. The Hostel business appears to have reached its peak and has started to decline, yet people are investing into the Hostel business at Ayeduase.

Many research works have been carried out to investigate the development and management of Hostels around KNUST Campus (Field research, November, 2008). Attempts have also been made to research into management of the

Hostels, but not much result however, have been achieved. It is believed what is worrying now is price and physical evidence that stimulate students to demand for Hostels.

1.1 Statement of the Problem

Despite the supply of Hostel accommodation around KNUST exceeding demand, many organizations and individuals are still establishing and developing Hostels. The loss of customer (student) loyalty and switching from Hostels has been a great loss to many Hostel management and are not able to identify the needs and want of students to satisfy them. If the customers (students) are not satisfied with services provided at the Hostel, they look for alternative means including “perching” (request to stay in the hall or Hostel with a friend who is legitimate to use the facility). Besides, while some students may be switching from Hostels to Hostels, others also remain in one Hostel for the full duration of being on non residence status.

It is perceived by some marketers that low price do attract customers while others say that consumers (students) will pay more for better services to reduce risks. Some researchers believe that price set too high will discourage sales, while price set too low could result in unprofitable business and a revenue stream that does not cover cost and expenses. This study is therefore obnoxious at this time as attempt is made to seek for the effect of price and physical evidence on the choice of Hostels around KNUST campus, Kumasi.

1.2 Objective of the Study

The objective of the study is to ascertain the extent to which the price and physical evidence affect the choice of Hostels by students.

1.3 Justification of the Study

It is acceptable fact that price and physical evidence play significant role in the sustenance of Hostel business. The study around the KNUST is the first of its kind. It enables:

- People in academia to probe further so that the study may shed some light regarding the effect of price and physical experience by Hostel management.
- The research will also serve as a resource material and inspirational guide for potential and actual investors in Hostel operations. It creates opportunity that will serve as a guide and successive tool for potential entrepreneur to value price and evidence as critical factors in any business establishment. It is further hoped that the study will assist those in research who want to study similar topic to find useful literature review.

2. LITERATURE REVIEW

2.0 Introduction

Price and physical evidence are part and parcel of the “7Ps” of marketing mix (Smith, and Taylor, 2002). The 7Ps include Price, Promotion, Place and Product: They are essential in marketing a product to the correct target market. Understanding the meaning and the steps involved in price essential for business success.

According to Perreault and McCarty (2005), it’s not easy to define price in real – life situation because price reflect many dimensions. People who do not realize this can make big mistakes. According to Boachie Mensah (1999), price has different meaning for different group of peoples. For buyers, price helps them to measure the value placed on the exchange. This value will be related to how they perceive the transaction and the satisfaction or utility they expect to gain from it. For sellers, the price is a key element in the marketing mix which, in the shorter, may be used to stimulate demand or to respond to actions of competitors.

2.1 Definitions of Price

There are many definitions as there are authors. Price is the value of money (or its equivalent) placed on a good or service (Farese et al, 2003). According to Kotler et al (2002), price is defined as the amount of money charged for product or service, or the sum of the values that consumers exchange for the benefit of having or using the product or service.

To buttress these facts, Kurtz and Boone, (2006), define price as “exchange value of a good or service”. Bearden et al, (2001) also define price as “the amount of money a buyer pays to seller in exchange for product and service”. In other words, price represents whatever product can be exchange for in the market place and or any transactions. David, J. (2006) describe price as what a company get back in return for all efforts that is put into manufacturing and marketing of product.

Price reflects the economic sacrifice a buyer must make to acquire something. This is the traditional economic concept of price called the objective price. Where barter and exchanges call for currency, price may be non-monetary. According to Bearden et al., (2001) this practice is called counter trade and that has the tendency of helping Eastern European economies. For instance, he argues that Germany has traded Mercedes – Benz trucks to Ecuador for bananas, and Russia has traded passenger aircraft to China for some consumer goods. Price comes in many forms and goes by many names. In all cases, however these terms reflect prices associated with the receipt of something of value.

2.2 The Role and Characteristics of Price

According to Ennew and Waite (2007), price is expressed as a monetary value, and as such, is the metric by which the financial performance of organization is evaluated. Price is a measure of value for both consumers and the providers of financial services. From the consumers' point of view, price performs the following functions:

- It is used as a yardstick to compare competing options
- It is the means by which value is accessed
- It may be used as an indicator of product or service quality
- It represents the cost of good or service
- It can affect the frequency of purchase or the quantum of an individual purchase

As far as service providers were concerned, price plays the following role:

- It is a crucial determinant of margin and profit
- It influences the level of demand for its product and service
- It can be adjusted quickly, under circumstances, to enable the provider achieve short term volume or margin priorities
- It can be varied at different stages in the product life cycle in conjunction with other elements of the marketing mix.

2.1.3 Perceptions of Value

"Buyers' perceptions of a trade between the perceived benefits of the service or product to be purchased, and the perceived sacrifice in terms of the cost to be not completely paid" (Hoffman and Bateson 2001). Bearden et al. (2000), describes perceived value as the buyer's overall assessment of a product's utility based on what is received and what is given. Thus, it represents a trade-off of the "give" and the "get" components of a purchase transaction and plays a critical role in purchase decisions.

The dimensions of value mentioned above provides direction for how service firms can differentiate themselves from competitors. The above is supported by Bearden et al., (2001), by the following words "perceived value ultimately determines willingness to buy and in turn determined by a combination of the perceived benefits, or quality received, and the monetary sacrifice made. Higher benefits enhance higher value; higher monetary sacrifice detracts from it.

2.1.4 Price/Quality Relationship

The price/quality relationship describes the extent to which the customer associates the product's price with higher quality. Some consumers equate quality with price. They believe a high price reflects high quality. A high price may also suggest status, prestige, exclusiveness. Higher price do not always signal higher quality, however, "Evidence suggests that, if there is a positive relationship, it is not very strong". Sometimes uninformed consumers mistakenly use price to make quality judgments" Bearden et al. (2001). When price and quality are not related, buying a higher price brand is a poor decision. A marketer must be concerned with subjective price – that is, the price consumers see as the value they are getting for what they are buying. The perception of the price must be considered seriously.

2.1.5 Pricing Objectives

Pricing decisions are made to achieve certain goals consistent with a firm's overall mission and marketing strategy. Five objectives commonly guide pricing decisions, ensuring market survival, enhancing sales growth, maximizing company profits, deterring competitors from entering a company's niche or market position, and establishing or maintaining a particular product quality image.

If prices are too low, marketers' profits are insufficient, if set too high, no one will buy. Clearly, however, adequate profits are required and companies are sensitive to changes in profits over time as indications of performance. According to Bearden et al., (2001) increase prices can affect profitability three to four times more than increases in sales volume at constant price.

According to Drucker (1999), profit which is the objective condition of economic activity is not a rationale for increasing prices. The purpose of a business is to create customer will, secure as an organ of business growth. Thereafter, positioning of the product into the customer's mindset, branding the product for customer, and ensure that, the product has been branded and positioned well.

2.2.1 Physical Evidence

Marketing gurus e.g. Adrian (2005) has found that services do differ from goods as objects of marketing. Therefore services cannot be treated like goods in a market planning context. A new service marketing mix concept is therefore needed. Hence the introduction of additional marketing mix elements, thus people, processes and physical evidence are available in the marketing mix. Physical evidence includes everything tangible from the firm's physical facilities to brochures and business cards to personnel. A firm's physical evidence affects the consumer's experience throughout the duration of the service encounter.

According to Hoffman and Bateson (2001), Physical evidence can fall in three broad categories.

1. Facility exterior - The external design, signage, parking land scarping and the surrounding environment.
2. Facility interior – The element such as the interior design equipment used to service the customer directly or used to run the business, signage, layout, air quality and temperature.

3. Other tangible – That are part of the firm's physical evidence includes such items as business cards, stationary, billing statement, reports, employment appearance, uniforms and brochures.

According to Adrian, (2005), for some services, tangible goods are vital elements of the overall services offer, and a strategy is needed for making them available to consumers. Making the availability of tangibles assumes importance for a number of reasons.

- Tangible may be vital in given pre-sales evidence of a service offer in a form of printed brochures, and order forms.
- Tangible often important components of a service offer and a failure to deliver tangibles reduces the quality of a service or makes it impossible to perform at all.
- When tangible form an important part of a Services offer, their efficient and effective distribution can give an organization a competitive advantage. Ineffective and unrealizable Hostel can have a negative effect on the success of the Hostel.
- The need for physical evidence is also significant in the context of promotion. The particular problem facing suppliers in the Hostel industry is that, their packages are not well present to the customers.

2.3 Hostel

Hostel movement was started by Richard Schirrmann, a German school teacher, taking his students from a cool mining city on a weekend outing to the country side for fresh air and interaction with nature. This quickly evolved into an internal peace movement with Hostels as place where students and other people from different countries could get to know each other. Hostel is an industry, which primary service offering is accommodation.

The Macmillan dictionary defines Hostel as “a building where people can stay and get meals if they have no home or have been forced to leave their home (British English). A building where people living away from home and can stay and get meals at low prices.

For the purpose of this research, Hostel will be explained as a building or room where students living away from home can stay for the duration of the course. Hostel is now popular industry in the hospitality sector. The increase in population and improve education could be said to be the driving factors. In Kumasi, they are most located around institutional campuses e.g. Kumasi Polytechnic, Kwame Nkrumah University of Science and Technology. The industry is contributing to the development and standard of living in Ghana. Hostel is contributing to the satisfaction of one of the basic needs of people. Besides it generates employment for the communities in which they are located. Moreover, it contributes to tax generation in Ghana.

3. METHODOLOGY

The scope of the study would involve student resident in private Hostels which are located within one kilometer radius from the KNUST campus and private Hostels which are within campus. Specifically the study covers Hostel within Ayeduase, Bomso, Kentinkrono, Kotei, and KNUST. The population of the study involved non residential students of Kwame Nkrumah University of Science and Technology, Kumasi Campus. The main populations were those who lived in private Hostels.

Both probabilistic and non probabilistic approaches were adopted for sampling technique. Probabilistic approach is where all the elements of the population have a fixed probabilistic change of being selected. The key component behind all probabilistic approaches is randomization or random selection. However, for non probabilistic approach, not all elements in the population have the chances of being selected. (Saunders, et al., 2007).

For probabilistic approach, simple random sampling and cluster sampling were used for student selection and convenience sampling technique which is, a non probabilistic approach was used for Hostel selections. The simple random (probabilistic approach) was chosen to be able to make prediction affecting the population as a whole. In contrast, the essence of the convenience (non-probabilistic) was to use Hostels which are captive audience or show interest in the research.

The sample size of the study was one percent (1%) of the estimated population of Twelve Thousand (12,000). One hundred and twenty (120) students were chosen as sample size. Notwithstanding, the sample size decision was guide by a consideration of resource constraints and limited time factor, as well as quality of work the researchers wants to achieve.

The researchers relied on both primary and secondary sources of data. Secondary sources of data that were consulted include textbooks, internet and journals from the Kwame Nkrumah University of Science and Technology library as well as other available sources. Primary data were collected through self-administered questionnaire and interview from the field. According McGivern, (2006), “questionnaire is generally used to describe any data collection instruments used in quantitative research or at the recruitment stage of qualitative research regardless of whether it is self completion or interviewer administered”. As the name implies, questionnaire is a form or a document containing a number of questions on a particular theme, problem, issue or opinion to be investigated.

Open ended and closed ended questions were used. The closed ended questions forms were involved dichotomous and multichotomous. Dichotomous were structured questions with only two response alternatives, such as yes or no. On a flipside, multichotomous questions are structured questions with more than two response alternatives. (Malhotra and Birks, 2007).

The open ended question forms gave the respondents an opportunity to express themselves on issues and gave a basis for their answers. It also permitted free response from respondents. Besides, it developed trust and perceived as less

threatening. However, the closed ended forms made it easy for the researchers to handle and analyze the results quickly. The personal interview was used to gather other choice determinants of Hostels. In short triangulation techniques was adopted.

3.1 Limitation of the Study

Not all the questionnaires that were submitted was filled or returned by respondents. Out of 120 questionnaires sent out, the researchers had 108 responses through intensive follow – up. The impossibility of studying the whole population of students living in Hostels was due to the limited time frame available for gathering the necessary information and submission. Besides, there was a high cost involved in seeking and collecting information from the respondents. For example “Go and Come another Day”. Most of the female students were not willing to fill the questionnaires. Besides, some of the female students who collected the questionnaires gave it to their male counterparts to fill. The research tried to get the total population students living in the private Hostels but to no avail. The Ethical implications of the research were followed. The researchers ensured that confidential information was treated as such. The questionnaires were distributed to every student contacted in the various Hostels, irrespective of your social status, cultural background. The research tried as much as possible to be objective.

4.0 ANALYSIS, DISCUSSION AND FINDING OF RESULTS

4.1 Non Residential Students of KNUST living in Private Hostels.

The questionnaires were divided into four sections. Section A was the profile of the respondents and respondents were asked to indicate their gender, age, location of their Hostels and their current levels of study at the university. Respondents were also asked questions on factors they consider most when seeking Hostel accommodation, with respect to price and physical evidence. Questions on quality of service with price and status relationship were put to respondents to share their opinions in Section B.

On other choice determinants of Hostels, eleven potential choice determinants of Hostels were identified in the literature review, were put up. The various factors were itemized and the respondents were asked to indicate if the factors put up contributed to selection and renting of Hostel accommodation around KNUST campus. They were then to rank the factors as they affect the selection and renting of private Hostels within the parameter of the studies in Section C. Finally Section D was on questions relating to causes of switching of Hostel by students.

Respondents were asked to state the number of years they have stayed in their current Hostels, whether they have stayed in other Hostels apart from one related to questions and they were asked to give reasons to responses provided. Notwithstanding, respondents were also asked of their intentions to move out of their current Hostels, and their opinion on recommending their current Hostels to fresh students seeking their current Hostel accommodation.

A total of 120 questionnaires were distributed to students living in private Hostels within Ayeduase, Bomso, Kentinkrono, Kotei, and inside Campus.

With intensive follow up procedures, 108 of the questionnaires were returned.

The Rate of response (R) was given by, $r/q * 100$,

r = Number of replies,

q=total number of questionnaires sent out,

$R=108/120 * 100 = 90\%$.

Thus, there was a 90% response rate which makes the response substantial for analysis.

4.2 Analysis of Results

4.2.1 Gender and Ages of the Respondents

Gender of the respondents revealed that, out of the 108 responses received, 28 were females, and 80 were males (25.93% females and 74.07% males respectively). The age distribution of the respondents revealed, 32 of the respondents were within the age range of 18 to 21, 60 of the respondents were in the ages range of 22 – 25, 7 in the ages from 26 – 29, 2 fell in age range from 30 – 33 and 7 of the respondents were 34 and above.

Table 1. Tabular Representation of Gender and Age Range of Respondents

Gender	Number of Respondents	Age Range	Number of Respondents
Female	28	18 – 21	32
Male	80	22 – 25	60
		26 – 29	7
		30 – 33	2
		34 and above	7
Total	108		108

Source: Field Survey, March, 2009.

4.2.2 Names and Locations of Hostels of Respondents

Thirty – six (36) Hostels were used for the studies. 18 Hostels from Ayeduase, 8 from Bomso, 5 from Kentinkrono, 3 from Kotei and 2 were inside KNUST Campus, Kumasi.

Table 2: Parameters of the Studies and Associated Hostels:

CAMPUS (2)	AYEDUASE (18)	BOMSO (8)	KENTINKRONO (5)	KOTEI (3)
Brunei	Shalom	Evandy	Sun City	Providence
SRC	Nana Doma	Royal Gate	Crystal Rose	Cornal
	West End	Dieu Donne	Ash More	Kwakyewaa
	Splendor	Nasco	Banivilla	
	BO. Executives	Sideways	Mummy's	
	F&F	Rowlex		
	Shepherd Ville	Standard		
	Jalex	Shower of Blessing		
	Frontline			
	Orizen			
	Jital			
	Continental			
	Sagacity			
	Glory			
	White House			
	Ebenezer P III			
	Frontline Inn			

Source: Field Survey, March, 2009.

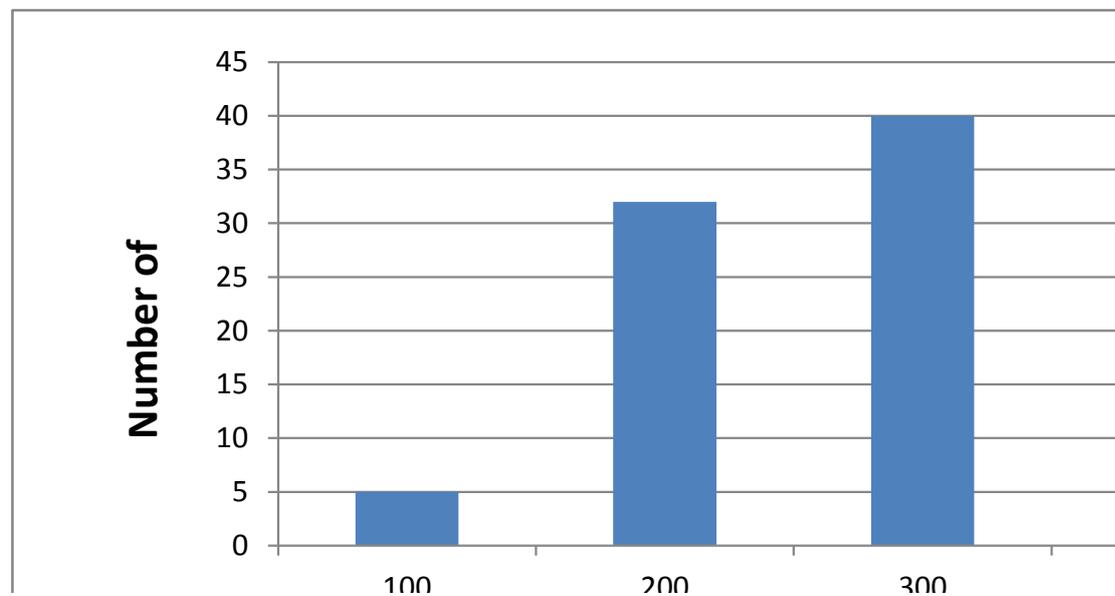
4.2.3 Level of Distributions by Respondents

Out of 108 responses received, 5 students ticked Level 100 as their Level of studies at the university, 32 ticked Level 200, 40 ticked Level 300, and 31 level 400 and above.

Table 3: Level of Respondents at the University

Levels	No. of Respondents
100	5
200	32
300	40
400 & above	31
Total	108

Source: Field Survey, March, 2009.



Source: Field Survey, March 2009.

Figure 1: Chart Showing Levels of Respondents at the University

4.2.4 Determinant in terms of Price and Physical Evidence

When students were asked to determine factors they consider most when seeking Hostel accommodation with respect to price, physical evidence and both price and physical evidence in question 5, 10 respondents considered price most, representing 9.3% of the responses. Only 3 respondents considered physical evidence (2.8%) and 95 respondents considered both Price and Physical evidence (88%) as indicated in Table 4.

Table 4: Primary Choice Determinants in Terms of Price and Physical Evidence

Choice Determinants	No. of Respondents	Percentage Term of Respondent %
Price	10	9.2
Physical Evidence	3	2.8
Both Price & Physical Evidence	95	88
Total	108	100

Source: Field Survey, March, 2009.

4.2.5 Price Ranges of Respondent Hostels

From the questionnaires administered, three (3) respondents ticked below GH¢200, 27 ticked GH¢200 – 250, 39 ticked GH¢300 – GHC350 and 39 ticked GHC400 and above as price ranges they preferred.

Table 5: Price Range, Respondents and Percentages of Hostel

Price Range GHC	Number Respondent	Percentages %
Below 200	3	2.8
200 - 250	27	25
300 – 350	39	36.1
400 and above	39	36.1
Total	108	100%

Source: Field Survey, March, 2009.

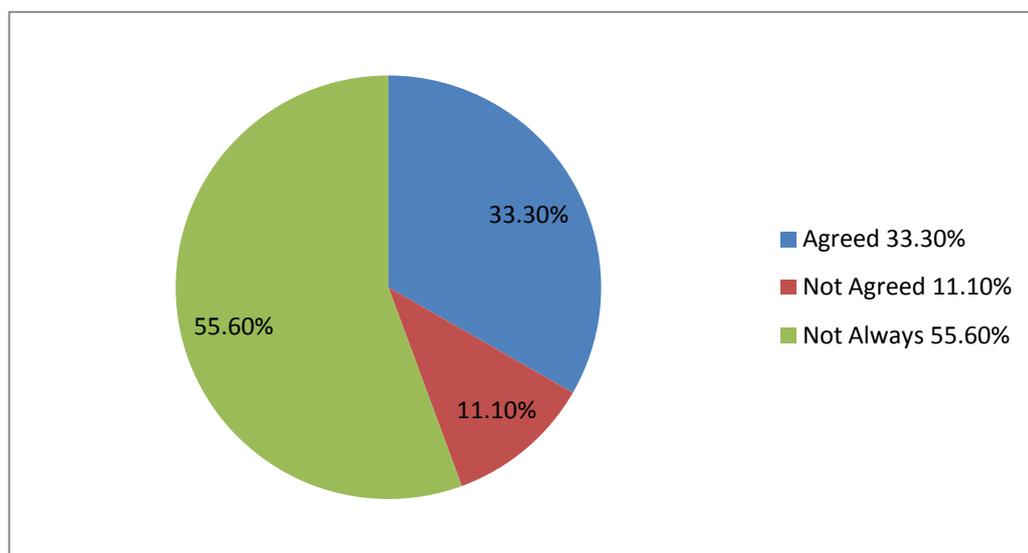
4.2.6 Price and Quality Relationship

On the question that higher price reflected higher quality of service, out of 108 respondents, 36 agreed to that, 12 do not agree and 60 selected not always. In terms of percentages 33.3% agreed that higher price reflected higher quality of service, 11.1% do not agree and 55.6% of the respondents believed that it is not always that higher price reflected higher quality of service.

Table 6: Table Showing Price and Quality Relationship

Opinions of Respondents	No. of Respondents	Percentage%
Agreed	36	33.3
Not Agreed	12	11.1
Not Always	60	55.6
Total	108	100

Source: Field Survey, March, 2009

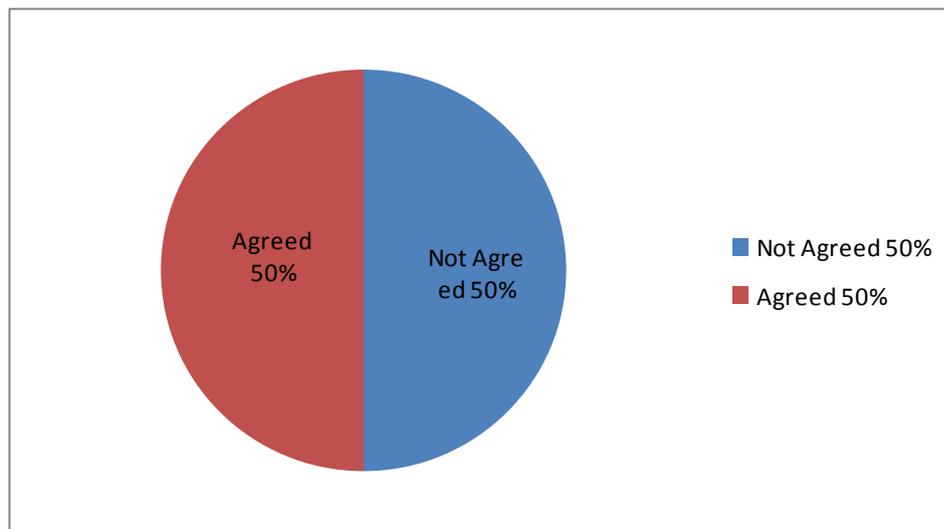


Source: Field Survey, March, 2009.

Figure 3: Chart Showing Agreement on Higher Price Reflecting Higher Quality Service.

4.2.7: Price and Status Relationship

The results for price and status relationship depicted that, 54 out of 108 respondents agreed that higher price for Hostel suggested some relationship with status and 54 did not agree. Representing 50% agreement and 50% not in agreement with such a notion.



Source: Field Survey, March, 2009.

Figure 4: Chart Showing Relationship between Price and Status for Hostel

4.2.8: Ranking on Factors Affecting Selections and Renting of Hostel

An attempt was made to ascertain the opinion of respondents on factors (other choice determinants of Hostels) likely to affect the selection and renting of Hostels around KNUST Campus. Eleven potential choice determinants of Hostels were put up, each respondent was asked to rank them under the heading:

Extremely Influential - Weighted	4
Very Influential - Weighted	3
Influential - Weighted	2
Note Influential - Weighted	1

The weighted marks were summed up to ascertain the total weighting marks for each factor. Hundred percent (100%) of the respondents confirmed the relevance of the eleven factors. A weighing method was used to evaluate the result from the survey.

Table 7: Ranking of Choice Determinants of Hostels

No.	Factors	Rank Marks (M) and Frequency (F) of Ranks				Weighting $\sum M \cdot F$	Rank
		1	2	3	4		
1	Proximity to Lecture Hall	5	17	24	62	359	2
2	Neatness of the Hostel	4	22	44	38	332	3
3	Privacy	14	28	33	33	301	5
4	Presence of Friends and course mates	24	36	28	20	260	7
5	Shuttle Services	47	27	24	8	205	11
6	Reading Room	22	18	26	42	304	4
7	T.V. Room	39	35	22	11	219	10
8	Internet & Secretarial Services	28	25	32	23	266	6
9	Recreational Facilities	33	40	28	7	225	9
10	Perception of Students in Hostel	31	29	29	19	252	8
11	Security	6	12	28	62	362	1

Source: Field Survey, March, 2009

The weighting was determined by this formula: $\sum (M \cdot F)$

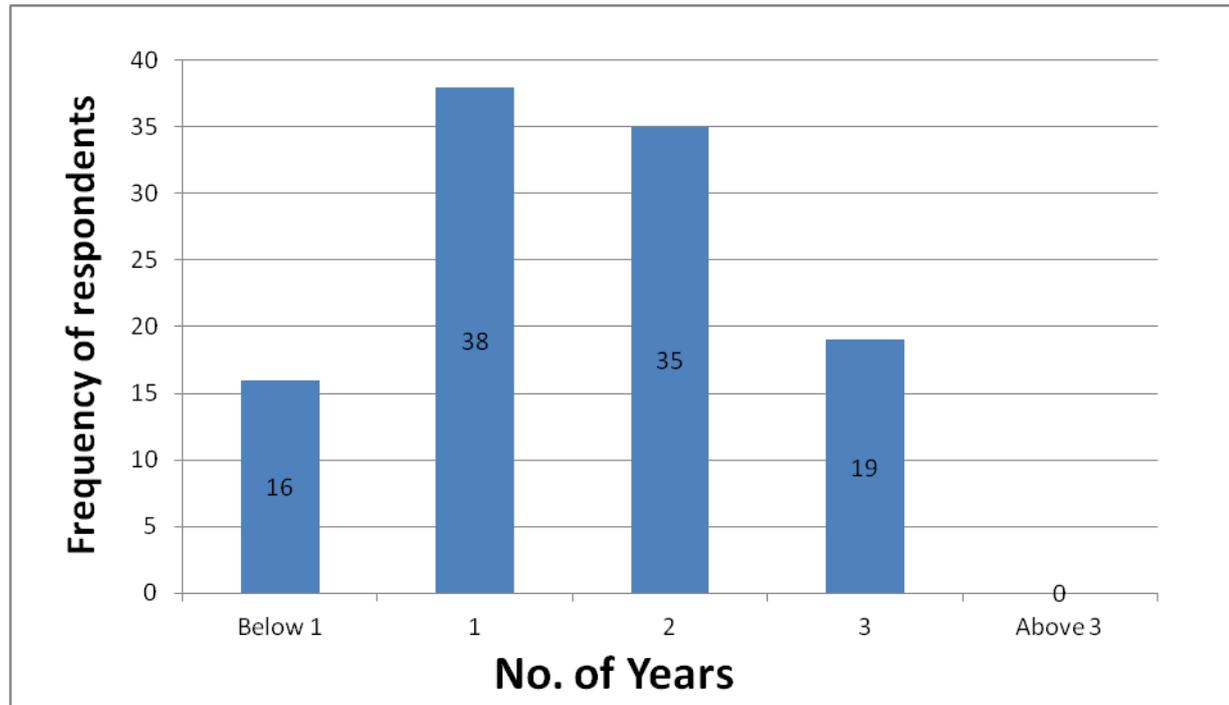
M = A factor in four point scale

F = Frequency of the factor (number of times a factor was chosen by respondents)

\sum = Summation of the weight given to each factor

4.2.9: Duration living in the Hostel

For the number of years students have lived in the Hostels, the results revealed that, 16 respondents have been in the Hostels for less than 1 year, 38 respondents lived for 1 year, 35 respondents lived for 2 years, 19 respondents lived for 3 years and non lived for over 3 years.



4.2.10: Switching From Hostels

Ninety (90 respondents out of the 108 constituting 83.3% of respondents have not stayed in any other Hostel apart from their current Hostels. 18 respondents (representing 16.7%) have on the other hand stayed, in other Hostels apart from their current Hostels. In related questions, most of the reasons given to question 11 included:

- The Hostels were conducive for social and academic life.
- Proximity to lectures halls and access to non – residential facilities provided by the University.
- Neatness, affordability, adequate security and generator plant for power supply
- The services provided for the first year were appreciable
- Some respondent said they were conservative
- Satisfaction with the conditions of service after their first year of staying in the Hostels
- First time of staying in the Hostel was opportunity
- To some students it was not applicable
- Have never encountered any problems with the Hostel managers and the Hostel mates
- Comfortable even though the Hostel is not the best
- The Hostel meet the it standard
- Comfortability and having all the facilities required by students and price were affordable and flexible
- First time of being in Hostel
- The price was moderate
 - Noise and water problem, perception people have on the Hostel,
 - Every year, 1 change Hostel, the result of change in the location of Lecture Theatre,
 - To experience other Hostels environment,
 - Some require change,
 - Do not like staying in one particular place for a longer time,
 - The price and the facilities do not matched expectations
 - Higher price and noisy environment were some of the reasons provided as saying “Yes” to living in Hostels.

4.2.11: Intentions of Respondents to Change Hostel

Out of the 108 responses received, 79 of the respondents had no intention of moving out of their current Hostels, while 29 had the intention of moving out of their current Hostels (73.1% and 26.9%). Those who had intended to leave gave the following reasons:

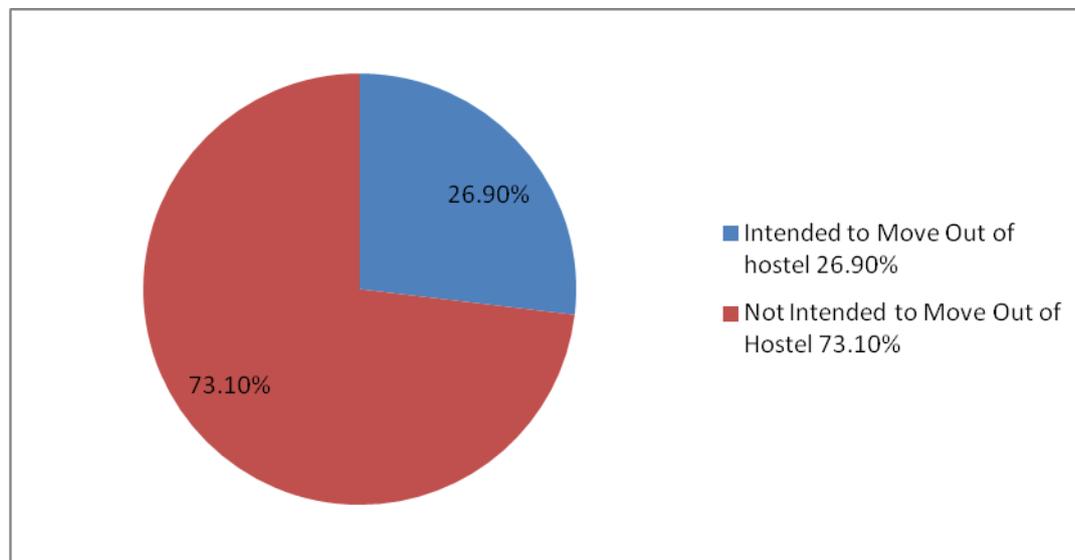
- Service provision do not match the price paid
- The environment of the Hostel is noisy and unhygienic
- Heard of other better Hostels and want to check
- Fewer course mates around
- The need to experience lifestyle of other Hostels

- Seek for moderate priced Hostel
- Current services were not encouraging
- Just need to change to see difference
- Conditions of the Hostel had deteriorated
- Seek for Hostel nearer to Lecture Theater
- Hall was preferable to Hostel
- Personal reasons

Intentions of Respondents not to Move out of their Current Hostels

The following reasons were given by those who had decided to stay in their Hostel:

- ❖ Like the perceptions people have for Hostel
- ❖ The best Hostel so far
- ❖ The price was stable and moderate
- ❖ It provides the basic facilities needed by students
- ❖ Never had any problem with the Hostel manager/mates
- ❖ Peaceful and more economic
- ❖ Security and availability
- ❖ Adequate privacy
- ❖ Proximity to lecture hall and internet service
- ❖ The environment is neat
- ❖ The facilities and comfort of the place
- ❖ The Hostel is conducive for academics
- ❖ About to complete the university



Source: Field Survey, March, 2009.

Figure 6: Pie Chart Showing Percentage of Respondents Intended to Move Out of their Current Hostels

4.2.12: Advocate a Hostel for Students

81.5% of responses which represented 88 respondents reveal that, respondents would recommend their current Hostels to a fresher who is seeking for Hostel accommodation, and only 18.5%, representing 20 of respondents, agreed would recommend their current Hostels to a fresher. Respondents gave the following reasons for not recommending their Hostels to a fresher.

- The condition of the Hostel was not favorable for academic activities
- Service diminishing yearly and will hit its worse sooner or later
- Fresher should stay in the hall, to feel campus environment, to know how to be independent for a year
- Poor shuttle services
- Poor water supply and security service
- The Hostel was full of continue students
- Lack of neatness
- Paying own light/water bills

Some of the reasons provided for recommendation

Respondents gave the following reasons for willing to recommend their Hostels to a fresher:

- The physical evidence of the Hostel being the best
- The Hostel makes one feel at home
- There is a higher level of privacy

- It meet the standard for students
- The Hostel shapes academic and social life of students
- Available DSTV, Gas heater security, internet service, reading room, etc
- Less densely populated in the Hostel
- Paying for expensive Hostels is waste of money
- Hostel had adequate facilities required by students
- Hostel manager relates well with students
- Price is affordable
- One can use gas to cook, and no water shortages

5.0 FINDINGS

5.1.1 Profile of the Respondents

Out of 108 respondents, 74.07% were male and 25.93% were female. This might be due to the fact that, the males are more than the females in the university; and or that males are willing to response to questionnaires than females. It could also means that males enjoy Hostels more than females. The age range of 22 – 25, followed by 18 – 21 as represented in Table 1. Ayeduse dominates the private Hostel around KNUST campus, (Table 2). Comparatively Ayeduse is nearer to lecture theatres of KNUST.

More of the Level 300 students were in private Hostels, followed by level 200 and level 400 and above. Few students in level 100 stay in private Hostels, owing to the fact that level 100 students were provided with accommodation on Campus by the University. With Level 200 respondents, the reason could be that university regulations do not allow the second years students to stay in the halls. Some of the students of the fourth year had the opportunity to stay in the hall, while some Level 300 students were on attachment

5.1.2 Effect of Price and Physical Evidence

Both price and physical evidence were considered by students when seeking for Hostels. However, in terms of price and physical evidence, price was the main determinate of Hostels (Table 4) Students consider price and physical evidence concurrently when seeking for private Hostels. The average price ranged that students were willing to pay the rent of Hostel was 300 – 350. A high price reflects quality, while cheaper price depicts poor accommodation. Higher price partly suggests higher status as indicated by 50% of the respondents.

5.1.3 Other Choice Determinants of Hostels

From the ranking (Table 4), it is realized that even though all the choice determinant identified in the study are relevant factors for selecting and renting of Hostels around KNUST campus, the following are the most relevant factors:

- Security
- Proximity to lecture hall
- Neatness of Hostels
- Reading Room
- Privacy
- Internet and secretarial facilities
- Presence of friends and course mates
- Perception of students on Hostels
- Recreational facilities
- TV room and
- Shuttle services were less relevant to students.

The above outcome could be attributed to the fact that most students have computers which could be substituted with television sets.

5.1.4 Causes of Switching by Students

Analysis of the questions asked to elicit information on the causes of switching revealed that, there was brand loyalty among Hostel consumers, as 90 respondents (83.3%) had never stayed in any other Hostel apart from their current one. Besides, only 16 respondents have stayed in one particular Hostel for less than one year. 38 respondents had remained in a particulars Hostel for one year 35 for two years and 19 for three years.

Notwithstanding, 79 of the respondents (73.1%) had no intention of moving out of their current Hostels, and 38 respondents (81.5%) would recommend the Hostels they were renting currently to a fresher who were seeking for Hostel accommodation. The high brand loyalty among Hostel customers was due to satisfaction of the Hostel facilities and their services. Avoidance of switching costs might have contributed to the high rate of the brand loyalty; hence switching costs are cost accrued when changing from one service provider to the other (Hoffman and Bateson, 2001).

5.2 RECOMMENDATION

5.2.1 Price

Hostel managers should base their price on demand elasticity, which supports that demand for product should be affected by its price changes. The demand for Hostels service was elastic, due to availability of substitute and competing brands. Price differentiation strategies benefit consumers and providers alike. Such segmentation could be based on number of people in the room. Example, one person in a room to improve privacy, two in a room to create flexibility and maximum four people in a room to reduce cost for those who cannot afford as well as varied facilities providing items such as computers, internet accessories, refrigerators, and ceiling fans, writing desk and chairs.

5.2.2 Physical Evidence

The physical evidence must be managed effectively to serve as differentiation. This could be achieved by using physical evidence to reposition the service firm in the eyes of the customers. Hostels with old structures should be renovated. Upgrading the Hostels facilities often upgrade the image of the firm in the minds of consumers and may also attract more desirable market segment which further aids in differencing the firm from its competitors.

5.2.3 Avoidance of Switching

The service quality must be consistent and upgraded continuously through putting up modern facilities. Management must endeavor to be responsive to environment changes. Negative fluctuation of service quality will discourage the customer and compel him to move to another brand. Suggestion box could be provided at vantage points for customers to lodge their complaints and suggestions.

To help effective management of the Hostels, price and benefits relationship should be managed well. Students' perception of value describes the buyers overall assessment of a service utility and this is based on what is received and what is given. "give and the get". Management should ensure that, the amount pay by students equate the benefits received. Developing customer retention strategies, through social as well as financial bonds, promise fulfillments and Targeting customers for retention to cement the relationship is necessary. This will help to reduce operative cost as word-of-mouth will lead to higher sales and increase profit. The management of the Hostel can provide incentives like free shuttle services to their target market. Notwithstanding, medical services like first aid could be provided and also send – off parties could be organize for final year students.

5.2.4 Bad Perception of Hostels

With the issuers of bad perception of Hostel, the following measures could be put in place. The Hostel can be reposition. Positioning is the act of designing the Hostel offer and image, so that it occupies a distinct and unique place in the target customer's minds. Thus as the name implies, it involves finding the proper "location" in the minds if a group of consumers or market segment so that they think about a product or service in the "right" or desired way. This could be achieved through integrated marketing communication of points – off – parity and points – of – difference brand associations.

5.3 CONCLUSION

The importance of price and physical evidence cannot be over emphasized in managing Hostels services. Students may have more power over Hostel managers as the supplies in Hostels are gradually exceeding demand. There is no evidence that the Hostel industry is being protected in any way. There are no entry barriers, and for that matter, the market has become very competitive. Management of Hostels should be made aware that, students do not consider price and physical evidence separately, but were interested in both price and physical evidence when seeking Hostel accommodation. Besides, higher prices do not always signal higher quality. However, the research proved that although there was a positive relationship between price and physical evidence, it was not all that strong. With respect to price and status relationship, it is not always that higher prices reflect people's status too. Furthermore, provision of recreational facilities, TV rooms and shuttle services were not very much considered when seeking for Hostels; rather, security, proximity, neatness, reading room and privacy were the most important factors considered.

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APPENDIX

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KNUST SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING AND CORPORATE STRATEGY

QUESTIONNAIRES TO NON-RESIDENCE

STUDENTS OF K.N.U.S.T, CAMPUS – KUMASI

All Questionnaires are for Academic Purposes Only. Respondents are informed that Details of this activity will be held confidential in accordance with the ethics of research/

Please tick (√) where appropriate and supply brief answers where spaces are provided.

SECTION A

Profile of the respondents

1. What is your gender?
 - a. Female
 - b. Male
2. What is your age?
 - a. 18 - 21 years
 - b. 22 – 25 years
 - c. 26- 29 years
 - d. 30 – 33 years
 - e. 34 and above
3. Name and location of your Hostel?
.....
4. What level are you at the University?
 - a. Level 100
 - b. Level 200
 - c. Level 3000
 - d. Level 400 and above

SECTION B

Effect of Price and Physical Evidence on Hostels

5. Which of the following do you consider most when seeking Hostel accommodation?
 - a. Price
 - b. Physical evidence (environment)
 - c. Both price and physical evidence
6. Which of the price range cater for your rent?
 - a. Below GH¢200
 - b. GH¢200 - GH¢250
 - c. GH¢300 - GH¢350
 - d. GH¢400 and above
7. Do you agree that higher price reflect higher quality service?
Yes No Not always
8. Do you agree that higher price for Hostels suggest status?
Yes No

SECTION C

Other Choice Determinant of Hostels

9. Please rank the following factors as they affect selection and renting Hostels around KNUST Campus.

Rank: 4 = extremely influential

3 = very influential

2 = influential

1 = not influential

FACTORS	RANKS			
	1	2	3	4
Proximity to lecture hall				
Neatness of Hostel				
Privacy				
Presence of friends and course mates				
Shuttle services				
Reading room				
T.V. room				
Internet and secretarial facility				
Recreational facility				
Perception of student on Hostel				
Security				

SECTION D

Cause of Switching by students

10. How long have you stayed in this Hostel?

- a. Below 1 year ()
- b. 1 year ()
- c. 2 years ()
- d. 3 years ()
- e. Above 3 years ()

11. Have you ever stayed in any Hostel apart from this?

Yes () No ()

12. Provide reasons to question 11

.....

.....

.....

.....

13. Do you intend to move out of current Hostel?

Yes () No ()

If no or yes, why?

.....

.....

14. Will you recommend your current Hostel for fresher who is seeking for Hostel accommodation?

If no / yes, why?

.....

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Thanks very much for your time and efforts spent on this questionnaire. Your inputs are greatly appreciated.