

Critical Success Factors and Customer Satisfaction in Budget Hotels: A Case Study from Malaysia

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Abstract

The contribution of tourism sector to the economic development is pretty significant in Malaysia. Budget hotels play an important role in the tourism industry. Budget hotel is defined as a small hotel that is financed by one individual or small group of individuals, and often managed by the owner or operations managers. This study identifies the nature of critical success factors (CSFs) of budget hotel operations and development from the perspectives of the customers. The study utilized a questionnaire survey in ascertaining the relevance and importance of a range of critical factors. A total of 150 questionnaires were distributed to the customers of budget hotels in Section 7, Shah Alam.

Keywords: Critical success factors (CSFs); Customer satisfaction; Budget hotel; Malaysia

Introduction

The contribution of tourism sector to the economic development is pretty significant in Malaysia, and budget hotels play an important role in the tourism industry. The origin of the budget hotel may be traced back to the 1920s in the US [1]. While the budget hotel has developed worldwide and the term “budget” or “limited service” or “economy” are used frequently throughout the hospitality industry, there exists no standardized, widely accepted definition of this segment [2]. Fiorentino concluded that the concept of the budget hotel is a difficult and complex hospitality phenomenon to describe. Budget hotel is defined as small hotel that is financed by one individual or a small group of individuals, and its managers are the same time its owners. The researcher will find that externalities are very important for the development of budget hotel in order to attract more tourists and those tourists will bring more value for these industries [2].

Coping with the rapid growth of Malaysia’s economy and business activities, the budget hotel sector in Section 7, Shah Alam, at its early stage, was expanded significantly, leading to the birth and growth of many domestic budget hotel brands, such as Delta Hotel, Hotel de ART Shah Alam, and others. Nevertheless, the nature of the budget hotel shares several generic operational characteristics which is a strong branded product, extensive geographic coverage of the hotel network, easy accessibility, centralized reservation system, standardized unit construction and guest bedroom layout or facilities, fixed or promotional variable room rates, relatively limited service, and high monetary value [3]. Finally, with the continued growth in globalization, multinational budget hotel groups are likely to become increasingly popular. However, our findings will only base on the Malaysia’s context and it is therefore questionable to what extent the results can be applied to other countries.

The objective of this research study is to determine the factor that affects the success of budget hotels, to investigate the profiles of the typical guests in budget hotels, and to propose the areas of budget hotels in order to give a better quality for their customers or guests. The researcher will determine the research objective in Section 7 Shah Alam, Selangor.

Literature Review

Critical success factors (CSFs)

Critical success factors (CSFs) refer to a limited number of dimensions that ensure successful competitive performance for an organization [4]. Essentially, CSFs are the factors that must be satisfied to guarantee a company’s overall goal attainment [3]. CSFs have two dimensions. Internal CSFs reflect a company’s core capabilities for its survival in the market such as people, products, process etc. [5]. External dimensions, such as competition and market condition, are less manageable [6]. Nevertheless, external conditions are equally important. The researcher will identify CSFs of budget hotels in Section 7 Shah Alam for Customer Satisfaction (Table 1), which based on Marketing Mix (7P’s).

Price: More attention may be paid to service quality which the present price of budget hotels was reasonable for customers. Guests had to reserve their rooms a minimum of 1 week ahead of arrival to ensure the availability of accommodation, especially during weekends and holidays. Customers may change providers because of price, or because the competitor is offering new opportunities, or simply because they want some variation [7].

Place: Central sales/reservation systems as well as geographic coverage of hotel network were very important to budget hotels. The good and virtual locations may sustain the success of budget hotels operations and development at Section 7, Shah Alam. According to the Market Report Database (MRD), Budget hotels are mainly utilized by business travelers, but are also attempting to attract more leisure travelers. These main budget hotel consumers are internet-savvy travelers, who is seeking inexpensive lodging price, proximity to city centre location and minimum unnecessary travelling costs.

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Product: Budget hotels focused on core physical products in lodging business such as the guestroom bed. Guests in budget hotels in Section 7, Shah Alam have shifted their preferences from the exterior curb appeal or deluxe status of physical lodging products, indicating they are placing personal satisfaction ahead of the traditional social image. The kinds of services offered that have attracted them to the hotels include standard accommodation, neat bathroom facilities and well-stocked bar for guests or customers [8].

People: People are essential in service delivery. People refer to the service employees who produce and deliver the service and they strongly influence the customer’s satisfaction. All people who directly or indirectly involved in the consumption of a service are an important part of the extended marketing mix. In the hotel industry, people refer to the customers, employees/staffs, management and everybody else who involved in it [9]. Every time the employees/staffs come into contact with a customer, an impression is made immediately. The basic element to any service provision is the use of appropriate staff and people.

Process: The process was generally defined as the implementation of action and function that increase value for products with low cost and high advantage to the customer and it is more important for service than for goods. Processes are important to deliver a quality service. Services are intangible, processes become all the more crucial to ensure standards are met with. Process in service is the actual procedures, mechanisms, and flow of activities that service delivery, operating system [10]. The pace of the process as well as the skill of the service providers is clearly revealed to customers and it forms the basis of his/her satisfaction with the purchase [11].

Physical evidence: Booms and Bitner [10] stated that physical

evidence is the environment in which the service delivered and where the firm and customer interaction, and any tangible components that facilitate performance or communication of service. Physical evidence is the element of the service mix which allows the consumer to make judgments on the organization again. If customers choose to have service in a restaurant, what they expect is a clean, friendly environment.

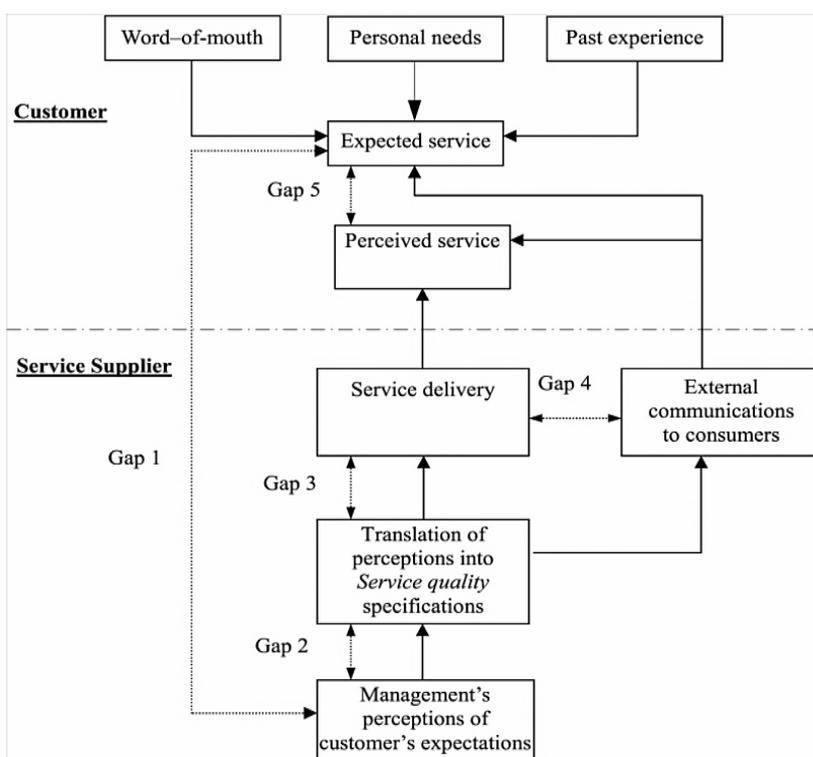
Productivity and quality: Good quality which can be measured objectively by such indicators as durability and number of defects [12], service quality is an abstract and elusive construct because of three features unique to the service: intangibility, heterogeneity and inseparability of production and consumption [13] (Figure 1).

Customer satisfaction

Satisfaction is defined as “an overall evaluation of performance based on all prior experiences with a firm [14]. Homburg and Giering stated that, Customer satisfaction is defined as “a post purchase evaluative judgment concerning a specific buying decision” [15]. According to the confirmation-disconfirmation paradigm, customers assess their levels of satisfaction by comparing their actual experiences with their previous experiences, expectations, and perceptions of the product’s performance [16]. Customer satisfaction is the starting point to build customer loyalty; it is a loyalty’s stock that will improve the image of corporate, therefore a long-term relationship [17].

Customer loyalty

Loyalty has been defined as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand-set purchasing, despite situational influences’ and marketing efforts’ having the potential to cause switching behaviour” [18]. Comparison-level theory and the



Source: Parasuraman et al. (1985)

Figure 1: Service Quality Gap model.

patronage literature provided the theoretical underpinnings for the loyalty construct. As discussed previously, the standard by which someone determines his or her satisfaction with a service and, hence, whether that person should switch or remain in that relationship is founded on comparison-level theory. The manner in which a service experience is assessed is based largely on the next-best alternative relationship. As soon as the current level of outcomes drops below the perceived comparison level for alternatives, the customer is motivated to leave the relationship [19]. Thus, guests who are satisfied with a service when compared with available alternatives should report greater loyalty to that service than dissatisfies guests.

Methodology

This research study will use the descriptive study. Descriptive Research is the most suitable technique to be used in this research process. This is because, descriptive research is designed to gain more information about a particular character in a particular field of study. This is the purpose of the research for “Critical Success Factors based on Customer Satisfaction of Budget Hotel in Section 7 Shah Alam”. Research Design is basically the plan for a study that provides the specification of procedures to be followed by researchers in order to accomplish their research objectives or test the hypotheses formulated for the studies. Although a similar survey instrument was employed, this study significantly differed with Brotherton’s [3] study in many aspects.

The questionnaire has been constructed as the sections have been divided by five parts. The first part is demographic profile which will ask the questions such as gender, age, education, income, and many more. The second part is psychographic which will ask the questions such as transportation, employment status, purpose and frequency of travel and others. The third part will ask about the aspects and factors in this research study. The independent variables such as price, place, product, people, process, physical environment, productivity and quality will be asked in these parts in determining the dependent variables of customer satisfaction (part four) and customer loyalty (part five). The questionnaire was distributed during December 2015 using quota sampling method that means to take a very tailored sample that’s in proportion to some characteristic or trait of a population. The researcher will divide the sample into subgroups which is the 8

number of budget hotel in Section 7, Shah Alam which covers The Hotel de ART, Delta Hotel, The Tree Boutique Hotel, My Home Hotel, I-City Hotel, Best View Hotel, Hotel D’Bayou and Kristal Inn Hotel. Overall, the sample size for this study is 150 respondents. The Statistical Packages of Social Sciences (SPSS) software will be used to analyse and interprets the data.

Theoretical framework

Theoretical framework is given in below Figure 2.

Findings

However, the items in the scale should be positively worded or the data should be positively re-coded before checking the reliability.

From the Table 1 above, the value mean for the demographic profile is 3.31 and psychographic is 2.87. The mean value for independent variable of Critical Success Factor is 4.62. The mean value for mediating variable of customer satisfaction is 4.57, and the mean value for dependent variable of customer loyalty is 4.45. All variables showed the mean value above 2.5 which is good and acceptable to indicate high internal consistency.

Data analysis

The data collected was analyzed and presented quantitatively. Descriptive statistics such as means, frequencies and percentages were computed. Means and paired sample t-tests, which were calculated to test for the significance difference between critical success factor, customer satisfaction and loyalty, formed the basis of comparison between the guests’ responses. Frequencies and percentages were used to identify the most and least important dimensions. Exploratory

Variable	Number of Items	Mean
Demographic Profile	5	3.31
Psychographic	12	2.87
Critical Success Factor	38	4.62
Customer Satisfaction	9	4.57
Customer Loyalty	7	4.45

Note: N=150

Table 1: Reliability statistic for overall questionnaire.

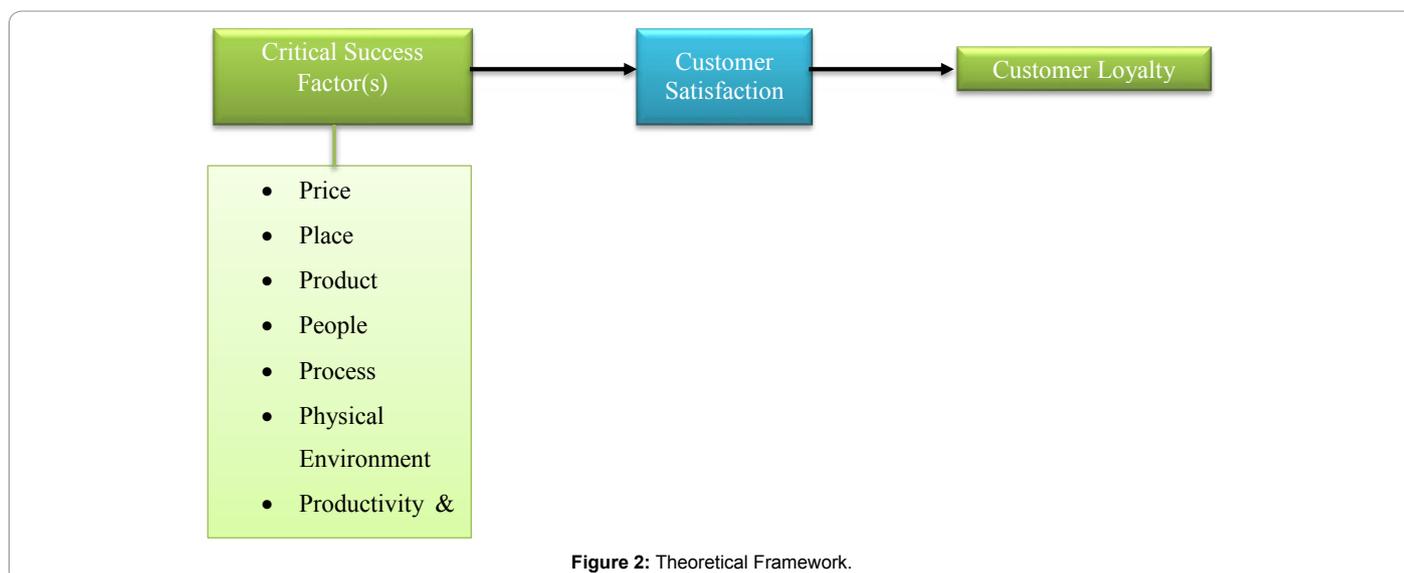


Figure 2: Theoretical Framework.

factor analysis using principal axis factoring was used to identify key dimensions since the study intended to generate service quality in the hotels. The Keyser-Meyer-Olkin (KMO) values recorded were 0.883 for the scale on excellent hotels and 0.79 for the scale on the hotels where the study was conducted, meaning that the sample size was adequate. The Bartlett's Test of Sphericity values was also significant.

Part 1: Demographic profile

Table 2 illustrates respondent's demographic profiles, which include details such as gender, age, education levels, monthly income and number of time spend at budget hotel per year.

Among the selected respondents, (52%) of them were female and 48% were male. 8% were less than 20 years old, 53.3% were between 21 till 30 years old. 26% of the respondents were between 31 till 40 years old, 12.7% were over 40 years old. For (education level profile), 20% of the respondent were at High school/lower level, 8.7% were master degree, majority (71.3%) of the respondent were bachelor degree holder. (52.7%) of the respondents monthly income were over RM2000 as most of them are self-employed, 4.7% of the respondents earn between RM1001 till RM1500 per month, 8.7% of them earn under RM1000 per month, 34% earns between RM1501 till RM2000. (38%) of them would spend 2 times per year at the budget hotel, 11 of them (7.3%) would spend 4 times per year, 22 of them (14.7%) would spend once in a year at the budget hotel and 38 of the respondents (25.3%) would stay at the budget hotel 3 times per year.

Part 2: Psychographic

Table 3 illustrates respondent's psychographic which include details such as mode of transportation, brand and year of car, length of stay, respondent hometown, employment status, purpose of travel, frequency of travel in one year, source of information, first time staying, partner come to budget hotel, and percent of salary spend on travel.

Based on the table, the mode of transportation of respondents, majorities (70.7%) come to the budget hotel by private car/taxi, 2% by other, 11.3% by flight and 16% came with public transportation. The

Profiles	Categories	Frequencies	Percentage %
Gender			
	Male	72	48.0
	Female	78	52.0
Age			
	Under 20 years old	12	8.0
	20-30 years old	80	53.3
	31-40 years old	39	26.0
	Over 40 years old	19	12.7
Education level			
	High School/Lower	30	20.0
	Bachelor's degree	107	71.3
	Master's degree	13	8.7
Monthly income			
	Under RM1000	13	8.7
	RM1001-RM1500	7	4.7
	RM1501-2000	51	34.0
	Over RM2000	79	52.7
Number of Time Spend at Budget Hotel per year			
	1 time	22	14.7
	2 times	57	38.0
	3 times	38	25.3
	4 times	11	7.3

Table 2: Demographic Profile.

S. No	Profiles	Categories	Frequencies	Percentage %
1.	Mode of Transportation	Private car/taxi	106	70.7
		Flight	17	11.3
		Public transportation	24	16.0
		Others	3	2.0
2 (a).	Brand of Car	BMW	4	2.7
		Chery	1	0.7
		Ford	1	0.7
		Honda	14	9.3
		Hyundai	1	0.7
		Kia	3	2.0
		Mercedez	1	0.7
		Mitsubishi	3	2.0
		Nissan	2	1.3
		Perodua	33	22.0
		Proton	31	20.7
		Suzuki	5	3.3
		Toyota	7	4.7
2 (b).	Year of Car	2000	1	0.7
		2002	1	0.7
		2003	2	1.3
		2004	2	1.3
		2005	4	2.7
		2006	12	8.0
		2007	6	4.0
		2008	10	6.7
		2009	12	8.0
		2010	29	19.3
		2011	10	6.7
		2012	10	6.7
		2013	2	1.3
2014	5	3.3		
3.	Length of Stay	1 night	59	39.3
		2 nights	71	47.3
		3 nights	18	12.0
		4 nights and above	2	1.3
4.	Hometown	Johor	16	10.7
		Kedah	10	6.7
		Kelantan	14	9.3
		Malacca	15	10.0
		Negeri Sembilan	10	6.7
		Pahang	15	10.0
		Penang	9	6.0
		Perak	23	15.3
		Perlis	6	4.0
		Sabah	2	1.3
		Sarawak	9	6.0
		Selangor	14	9.3
		Terengganu	5	3.3
Wilayah Persekutuan	2	1.3		
5.	Employment Status	Employed	96	64.0
		Self-employed	36	24.0
		Unemployed	1	0.7
		Retired	3	2.0
		Student	14	9.3
6.	Purpose of Travel	Holiday	69	46.0
		Family visit	21	14.0
		Convocation	19	12.7
		Business purpose	22	14.7
		Others	19	12.7

7.	Frequency of Travel in One Year	1 times	36	24.0
		2 times	72	48.0
		3 times	24	16.0
		4 times and above	18	12.0
8.	Source of Information	Internet	65	43.3
		Friends and relative	34	22.7
		Travel agency	12	8.0
		Already know of it	39	26.0
9.	First Time Staying	Yes	11	7.3
		No	139	92.7
10.	Partner Come to Budget Hotel	Alone	23	15.3
		Spouses	25	16.7
		Family	50	33.3
		Friends	52	34.7
11.	Percent of Salary Spend on Travel	10% – 15%	44	29.3
		16% – 20%	55	36.7
		21% – 30%	39	26.0
		31% and above	12	8.0

Table 3: Psychographic.

brand of car (22%) are Perodua, 20.7% are Proton, 9.3% are Honda, 4.7% are Toyota, and followed by the other type of car brands. 0.7% car year are 2000 and 2002. 1.3% are using car year 2003, 2004, and 2013, respectively. 2.7% are 2005. 3.3% are 2014. 4% are 2007. 6.7% are respondents who use car in the year 2012, 2011, 2018, while 8% are 2006 and 2009. The highest percentage is 19.3%, which the respondents are using 2010 car. (47.3%) of the respondents stay 2 nights per stay, followed by 39.3% for 1 night, 12% for 3 nights, and 1.3% stay at the budget hotels 4 nights and above. For the hometown of the respondents, (15.3%) of the respondents come from Perak. 10.7% comes from Johor. 10% are Malacca and Pahang. 9.3% are Kelantan and Selangor. 6.7% are Kedah and Negeri Sembilan. 6% are Penang and Sarawak. 4% are Perlis. 3.3% are Terengganu, and 1.3% of the respondents comes from Sabah and Wilayah Persekutuan respectively. For the employment status profile showed that 36 respondents (24%) were self-employed person, 14 respondents (9.3%) were student, 3 respondents (2%) were retired person, majority of them are 96 of the respondents (64%) were employed person and 1 of the respondent (0.7%) was unemployed. The purpose of respondents travel. 46% of the respondents travel for the holiday. It shows that majority of the respondents love holiday and spent their money to stay in the budget hotel in section 7, Shah Alam. Follow by 14.7% of the respondents who are travelling for business purpose. Next, 14% are travelling for a family visit. Lastly, 12.7% of the respondents travel for convocation and other purpose. A majority of 72 respondents (48%) travel frequency are 2 times in one year. 36 respondents (24%) frequency of travel are first time in one year. 24 respondents (16%) frequency of travel in one year are 3 times, while 18 respondents (12%) travel frequency are 4 times and above.

The source of information gathered by the respondents to stay in the budget hotel section 7, Shah Alam. 43% of the respondents know about the location from the internet. 26% of the respondents already know about the existing budget hotel in Shah Alam areas. 23% of them know from their relative who stay at the nearest place or experienced the budget hotel service. 8% got information about the places through a travel agency. 139 respondents with majority (93%) stated “No” which means that it was not the first time staying at budget hotel, and at the same time respondents once already experienced the budget hotel service. 11 respondents with minority (7%) stated “Yes” which means that it was the first time respondents stayed at the budget hotel. 15% of them came alone, and 17% of them came with their spouses. 33% of the respondents came with their families, and majority of the respondents

with 35% came to stay in the budget hotel section 7, Shah Alam with their friends. About the percent of salary spend on travel by the respondents. Majority (37%) of the respondents spends 16% till 20% of their salaries on travel per year. 29% of respondents spend around 10% till 15% per year. 26% of respondents spend 21% till 30%, while another 8% spend 31% and above of their salaries on travel in one year.

Part 3: Critical success factor in budget hotel

Table 4 showed the descriptive analysis for price on customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of price has two which is, “value money for customer paid” (mean=4.62; SD=0.487) and “good price range for guest room” (mean=4.62; SD=0.487), followed by “reasonable price” (mean=4.56; SD=0.498). “Lower price than similar other budget hotels” was the lowest in terms of price (mean=4.45; SD=0.574).

Table 5 showed the descriptive analysis for place on customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of place is, “convenient location” (mean=4.55; SD=0.525), followed by “geographic coverage of hotel network” (mean=4.39; SD=0.541). Next is, “convenient transportation with signs” (mean=3.77; SD=1.843). “Enough parking area” was the lowest in terms of place (mean=2.63; SD=1.114).

Table 6 showed the descriptive analysis for product with customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of product is, “variety of facilities in guest room” (mean=4.51; SD=0.528), followed by “comfortable guest room” (mean=4.49; SD=0.564). Next is, “choice of room type of customers” (mean=4.47; SD=0.552). “Clean guest room” is (mean=4.41; SD=0.533). “Design/look of guest room” is (mean=4.41;

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Reasonable price	150	4.56	0.498
Lower price than similar other budget hotels	150	4.45	0.574
Value money for customer paid	150	4.62	0.487
Good price range for guest room	150	4.62	0.487

Table 4: Descriptive Analysis for Price.

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Geographic coverage of hotel network	150	4.39	0.541
Convenient location	150	4.55	0.525
Convenient transportation with signs	150	3.77	1.843
Enough parking area	150	2.63	1.114

Table 5: Descriptive Analysis for Place.

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Comfortable guest room	150	4.49	0.564
Clean guest room	150	4.41	0.533
Good atmosphere in guest room	150	4.37	0.586
Good quality of product in guest room	150	4.33	0.587
Variety of facilities in guest room	150	4.51	0.528
Size of guest room	150	4.29	0.640
Choice of room type for customers	150	4.47	0.552
Smoking and non-smoking rooms	150	4.39	0.530
Design/look of guest room	150	4.41	0.558
Customers’ safety and security	150	4.33	0.585

Table 6: Descriptive Analysis for Product.

SD=0.558) and “smoking and non-smoking rooms” is (mean=4.39’ SD=0.530), while “good atmosphere in guest room” is (mean=4.37; SD=0.586). “Good quality of product in guest room” is (mean=4.33; SD=0.587), and “customers’ safety and security” are (mean=4.33; SD=0.585). “Size of guest room” was the lowest in this aspect which is (mean=4.29; SD=0.640).

Table 7 showed the descriptive analysis for people on customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of people is, “friendly staff” (mean=4.45; SD=0.538), followed by “efficiency of guest service” (mean=4.35; SD=0.555). Next is, “staff has knowledge and skill” (mean=4.34; SD=0.566), and “staff has the ability to provide prompt services” is (mean=4.34; SD=0.566). “Staff is willing to serve” is (mean=4.32; SD=0.559) and “adequate staff provide service” is (mean=4.32’ SD=0.571). “Speed of guest service” was the lowest in this aspect which is (mean=4.31; SD=0.555).

Table 8 showed the descriptive analysis for process on customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of process is, “staffs handle customer’s reservation efficiently” (mean=4.39; SD=0.515), followed by “staffs give careful and thorough service to customers” (mean=4.37; SD=0.511). Next is, “staff provides service at the promised time” (mean=4.35; SD=0.531). “Staffs give prompt services to customers” was the lowest in this aspect which is (mean=4.34; SD=0.489).

Table 9 showed the descriptive analysis for physical environment on customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of physical environment is, “the visually attractive outdoor surroundings” (mean=4.58; SD=0.495), followed by “good facilities” (mean=4.47;

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Friendly staff	150	4.45	0.538
Staff has knowledge and skill	150	4.34	0.566
Staff has the ability to provide prompt services	150	4.34	0.566
Staff is willing to serve	150	4.32	0.559
Adequate staff provide service	150	4.32	0.571
Speed of guest service	150	4.31	0.555
Efficiency of guest service	150	4.35	0.555

Table 7: Descriptive Analysis for People.

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Staffs handle customer’s reservation efficiently	150	4.39	0.515
Staffs give careful and thorough service to customers	150	4.37	0.511
Staffs give prompt services to customers	150	4.34	0.489
Staffs provide service at the promised time	150	4.35	0.531

Table 8: Descriptive Analysis for Process.

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Good facilities	150	4.47	0.514
Ambient conditions	150	4.39	0.530
Staff has clean, neat uniforms	150	4.34	0.529
Appealing hotel atmosphere and decoration	150	4.45	0.538
The visually attractive outdoor surroundings	150	4.58	0.495

Table 9: Descriptive Analysis for Physical Environment.

SD=0.514). Next is, “appealing hotel atmosphere and decoration” (mean=4.45; SD=0.538), and “ambient conditions” is (mean=4.39; SD=0.530). “Staff has clean, neat uniforms” was the lowest in this aspect which is (mean=4.34; SD=0.529).

Table 10 showed the descriptive analysis for productivity and quality on customer satisfaction towards marketing mix (7P’s) in the budget hotels section 7, Shah Alam. The highest mean score in terms of productivity and quality is, “the budget hotel management offering customers with a good deal” (mean=4.56; SD=0.498), followed by “delivery of value to the customers” (mean=4.53; SD=0.501). Next is, “the productivity of each staff is excellence” (mean=4.49; SD=0.502). “The satisfaction on the service quality provided” was the lowest in this aspect which is (mean=4.48; SD=0.514).

Part 4: Customer satisfaction

Table 11 showed the descriptive analysis for customer satisfaction in the budget hotels section 7, Shah Alam. The highest mean score in terms of customer satisfaction is, “satisfied with the location” (mean=4.57; SD=0.511), followed by “satisfied with the price” (mean=4.55; SD=0.499). Next is, “satisfied with the guest room” (mean=4.53; SD=0.527). “Overall satisfied with the budget hotel” is (mean=4.51; SD=0.528). “Overall satisfied with service quality in budget hotel” is (mean=4.49; SD=0.528) and “satisfied with the atmosphere” is (mean=4.44’ SD=0.537), while “satisfied with the staff” is (mean=4.37; SD=0.538). “Satisfied with the service” is (mean=4.36; SD=0.547). “Satisfied with the promotion” was the lowest in this aspect which is (mean=4.33; SD=0.562).

Part 5: Customer loyalty

Table 12 showed the descriptive analysis for customer loyalty in the budget hotels section 7, Shah Alam. The two highest mean scores in terms of customer loyalty are, “share the pleasure staying experience about the budget hotel with others” (mean=4.45; SD=0.526), and “share the positive ideas about the budget hotel with others” (mean=4.45; SD=0.513), followed by “share the positive information about the budget hotel with others” (mean=4.43; SD=0.523). Next is,

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
The budget hotel management offering customers with a good deal	150	4.56	0.498
The satisfaction on the service quality provided	150	4.48	0.514
The productivity of each staff is excellence	150	4.49	0.502
Delivery of value to the customers	150	4.53	0.501

Table 10: Descriptive Analysis for Productivity and Quality.

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Satisfied with the guest room	150	4.53	0.527
Satisfied with the price	150	4.55	0.499
Satisfied with the location	150	4.57	0.511
Satisfied with the promotion	150	4.33	0.562
Satisfied with the staff	150	4.37	0.538
Satisfied with the service	150	4.36	0.547
Satisfied with the atmosphere	150	4.44	0.537
Overall satisfied with the budget hotel	150	4.51	0.528
Overall satisfied with service quality in budget hotel	150	4.49	0.528

Table 11: Descriptive Analysis for Customer Satisfaction.

Variables/Dimension	N	Mean (M)	Standard Deviation (SD)
Share the pleasure staying experience about the budget hotel with others	150	4.45	0.526
Share the positive ideas about the budget hotel with others	150	4.45	0.513
Share the positive information about the budget hotel with others	150	4.43	0.523
Say the positive things about the budget hotel to others	150	4.41	0.493
Will keep staying in the budget hotel next time	150	4.40	0.505
Will recommend my friends to stay in the budget hotel	150	4.35	0.531
Overall will be the loyal customer	150	4.41	0.521

Table 12: Descriptive Analysis for Customer Loyalty.

“say the positive things about the budget hotel to others” (mean=4.41; SD=0.493), and “overall, will be the loyal customer” is (mean=4.41; SD=0.521). “Will keep staying in the budget hotel next time” is (mean=4.40; SD=0.505). “Satisfied with the service” is (mean=4.36; SD=0.547). “Will recommend my friends to stay in the budget hotel” was the lowest in this aspect which is (mean=4.35; SD=0.531).

Conclusion

This study showed that critical success factors (CSFs) in Section 7, Shah Alam’s budget hotel operations and development from the perspectives of the customers. The understanding of the differences in CSFs becomes supremely important to the success of the budget hotel segment in Section 7, Shah Alam. The commonly accepted features of budget hotels are based on Marketing Mix (7Ps) which is price, place, product, people, process, physical evidence and productivity & quality. When the 7Ps can be implemented well, it will make the customer satisfaction. Customer satisfaction is the starting point to build customer loyalty. In business activities, the budget hotels that make great effort to improve customers’ satisfaction, reducing customer dissatisfaction will attract new customers, and maintaining existing customers. Thus, guests who are satisfied with a service when compared with available alternatives should report greater loyalty to that service than dissatisfies guests. Recommendations to improve and promote with intensive marketing such as make more promotion, especially during school holidays through social media such as own website, Facebook, Twitter, Instagram and others are put forward in order to further the development of budget hotels in Section 7, Shah Alam, Selangor.

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