FACTORS THAT AFFECTING CUSTOMER SATISFACTION AMONG LOCAL TOURISTS TOWARD BUDGET HOTELS IN MALAYSIA

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DECLARATION

We hereby declare that:

(1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) Equal contribution has been made by each group member in completing the research project.

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DEDICATION

This thesis is specially dedicated to:

Mr. Choy Johnn Yee, Mr. Jason Teo

And

Our families, friends, respondents and loved ones,

Thanks for your support when we need it the most.

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LIST OF ABBREVIATIONS

A   Assurance

DV   Dependent Variable

E   Empathy

Et al   And others

IV   Independent Variable

KL   Kuala Lumpur

LCS   Customer satisfaction among local tourists

P   Price

R   Reliability

RE   Responsiveness

RFID   Radio Frequency Identification

R^2 Coefficient of Determination

SAS   Statistical Analysis Software

SERVQUAL   Service Quality Model

T   Tangibles

UNESCO   United Nations Educational, Scientific and Cultural Organization

UNWTO   United Nations World Tourism Organization

UTAR   University Tunku Abdul Rahman

LIST OF APPENDICES

PREFACE

This research project is submitted as a fulfillment of the requirement for the pursuit of the Undergraduate of Bachelor of Marketing (Hons). This research study only limited 28 weeks to accomplish. We selected "Factors that affecting Customer Satisfaction among Local Tourists toward Budget Hotels in Malaysia" as our topic in this research. The six independent variables which tested in this project are reliability, assurance, tangibles, empathy, responsiveness and price. While the dependent variable for this study is the customer satisfaction among local tourists toward budget hotels in Malaysia.

At this moment, budget hotels play an important role within hotel industry and it was a trend in tourism sector. In Malaysia, the number of budget hotels keep increased and faced a fierce competition in this industry. Hence, the main objective of this research is to investigate factors that affecting customer satisfaction among local tourists toward budget hotels in Malaysia. SERVQUAL model and another additional independent variable named price will be used to study the research gap.

ABSTRACT

The number of budget hotel in Malaysia is increasing nowadays. Budget hotel that provides simple rooms and meals at lower cost has become an alternative for the customer who just wants to have a room with a bed and shower. Although there are researches examine the relationship between the SERVQUAL model and customer satisfaction in hotel industry Malaysia. However, the customer satisfaction in budget hotel is seldom examined by researchers. Thus, the objective of this research is to determine the factors that affect the affecting the customer satisfaction in budget hotel Malaysia. In this research, SERVQUAL model is used to identify the five dimensions that influence the customer satisfaction in budget hotel. Besides, another factor namely price will be added in this study to examine the customer satisfaction in budget hotel. Furthermore, this study will contribute significantly to the hospitality industry as the result can be used to improve the service performance of budget hotels in Malaysia.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

In Chapter 1, contents included will be the summary of research project. Chapter 1 consist of six parts which included research background, problem statement, research objectives, research questions, hypotheses of study and significance of the research study.

1.1 Research Background

Malaysia is a federation consisting of Sabah and Sarawak, also known as East Malaysia and the southern part of the Malay Peninsula, formerly Malaya which is also known as West Malaysia (Cheah, 2002). Diversity is one of the key attractions of Malaysia with the extreme contrasts in the country (The Tourist Development Corporation of Malaysia, 2013). According to Malaysia Tourism Satellite Account (2013) reported that there is increasing 15.5 million number of domestic tourist from 115.5.million in 2010 to 131.0 million in 2011.

Based on Saaid, Executive Director of Malaysian highlighted that the hotel industry is growing potentially due to contribution of tourism (Jaafar, Toh & Sukarno, 2011). According to Business Dictionary (n.d.), hotel is defined as a commercial establishment which provides the guest services, meals and lodging while the least requirement of a hotel is the institution is required to have at least 6 bedrooms and at least 3 rooms with bathroom facilities. Based on the level of service provided by hotel, hotel can be classified into economy or luxury hotel while economy hotel also known as budget hotel which meet the basis need of customer by offering clean and tidy rooms (Abhijeet, 2013).

Budget hotel provides rooms and meals at a lower cost and is considered as lowest category in hotel industry (hotelarcopalace, 2012). It is an alternative for the customer who just wants to have a simple room with a bed and shower (Colbu & Scutariu, 2008). The service provided by the budget hotel in Malaysia might be better than one star hotel (Ukessay, 2015). The price range of budget hotel can be as low as RM80 to RM150 per night and budget hotel allows hourly renting for the rooms (Tourism Malaysia, 2012). There are many constructions of budget hotels happen in Sabah especially in Kota Kinabalu and lead to increase competition among budget hotels (Fong, 2007).

1.2 Problem Statement

President of Malaysia Budget Hotel Association (MBHA) revealed that the amount of budget hotels in Malaysia is increasing and domestic tourists are the majority number to patron the budget hotels (Mybajet, 2013). Therefore, this was a trend in the tourism sector, revealing that budget hotels played an important role within the hotel industry (Abdullah, Ishak, & Farah, 2012).

Xie & Chaipoopirutana (2014) pointed out that the key of hotel's success is tourists' satisfaction. Therefore, budget hoteliers need put efforts to differentiate their products and services and improve the local tourists' satisfaction. Besides that, there are many tourists are concern about their budget and save their money. They look for cheaper and budget hotel to stay (Mybajet, 2013). They also become rational and preferred "use less to enjoy more" (Tan, 2014).

The number of consumers that turn into internet sites and other related sites to make reviews and complaints about hotel services has increased (Tyrrell & Woods, 2004). Using internet communication is considered as a source of mass and interpersonal communication (Ohiagu, 2011). A customer complaint that the hotel room is dirty, moreover no towel was provided in the bathroom. The problem unresolved due to housekeeping service is not available at night (TripAdvisor, 2013). According to J.D Power (2012) stated, an unresolved problem will lower customer satisfaction score to 573 out of 1,000 (as cited in Bender, 2012).

Based on data of market matrix, the report showed that the global hotel customer satisfaction include budget hotels had declined (Village, 2012). Verm (as cited in Ariffin & Aziz, 2012) mentioned that evaluation of customer satisfaction is depends on their every single experiences.

There are limited researches are conducted about factor that affecting customer satisfactions towards hotels, but it is not focus on budget hotels in Malaysia. For example, the study of Forizia, Zadeh, & Gilani (2013) which investigated the customer satisfaction in 3 stars hotels in Malaysia. In addition, there are limited researches which investigate SERVQUAL model and price all together. Furthermore, there are limited researches to investigate customer satisfaction towards budget hotels in Malaysia in term of these six variables. Besides that, there are yet new aspects and defects to be enhanced in consumer satisfaction (Forozia, Zadeh, & Gilani, 2013). There are numerous viewpoints and measurements were considered to enhance the level of satisfaction, they used significant variables however the important of SERVQUAL model and price still requires further thought.

1.3 Research objective

1.3.1 General Research Objective

The main objective of this research is to examine the factors that affecting customer satisfaction among local tourists toward budget hotels in Malaysia.

1.3.2 Specific Research Objective

1. To examine the relationship between reliability and customer satisfaction among local tourists toward budget hotels in Malaysia.

2. To examine the relationship between assurance and customer satisfaction among local tourists toward budget hotels in Malaysia.

3. To examine the relationship between tangibles and customer satisfaction among local tourists toward budget hotels in Malaysia.

4. To examine the relationship between empathy and customer satisfaction among local tourists toward budget hotels in Malaysia.

5. To examine the relationship between responsiveness and customer satisfaction among local tourists toward budget hotels in Malaysia.

6. To examine the relationship between price and customer satisfaction among local tourists toward budget hotels in Malaysia.

1.4 Research Question

Based on our research objectives, questions constructed as below that have to be answered after completion of research study:

1. Does reliability affect customer satisfaction among local tourists toward budget hotels in Malaysia?

2. Does assurance affect customer satisfaction among local tourists toward budget hotels in Malaysia?

3. Do tangibles affect customer satisfaction among local tourists toward budget hotels in Malaysia?

4. Does empathy affect customer satisfaction among local tourists toward budget hotels in Malaysia?

5. Does responsiveness affect customer satisfaction among local tourists toward budget hotels in Malaysia?

6. Does price affect customer satisfaction among local tourists toward budget hotels in Malaysia?

1.5 Hypotheses of study

H1: Reliability has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

H2: Assurance has positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia.

H3: Tangibles has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

H4: Empathy has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

H5: Responsiveness has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

H6: Price has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

1.6 Significance of the Study

This research is able to devote to the budget hoteliers that they may have a better understanding of what the influencing factors are local tourists emphasize. Besides, they have an in-depth insight of hotel customer's priority concern in budget hotels businesses. Hence, they can develop a suitable and outstanding marketing strategy or selling preposition that can maximize local tourist's value and provide good services to them. In addition, they may become an outstanding hotelier and gain the

competitive advantages that differentiate from competitors in order to increase the business profitability, reputation and popularity. Besides, it may provide a springboard to success in hotel business and operate the business in a right and success path.

Through this study, budget hoteliers will get the useful information about these influencing factors that can strive in the high competitive field in order to satisfy local tourist needs. Besides that, it had benefited academics and educators; they may have in-depth information and knowledge about the factors that can affect the local tourist satisfaction in related field. It is also contributes to future researcher, especially research on customer satisfaction among local tourist toward budget hotels. They can use the hypothetical contribution as evidence and support.

Other than that, this study had researched SERVQUAL model and extra one factor which is price. Uniquely, it is distinct from previous researches which only make a research on SERVQUAL model. Exclusively make a research on price factor due to poor Malaysia's economy and changing consumer spending behaviours. Consumers concern about their budget and expenses. Furthermore, hotel agencies will have a superior comprehension on budget hotel customer even students in term of their satisfaction. In this study, it gives an adequate information and data to hotel agencies to determine most influencing factors. In addition, it gives a chance for hotel agencies to enhance their competitive advantages.

1.7 Chapter Layout

The entire research study consists of five chapters which includes:

Figure 1.1 Chapter Layouts

Chapter 1

- An introduction of overview context
- Identification of problem statements
- Cover on research objectives, research questions, hypotheses, and significance

Chapter 2

- Review of theoretical model
- Review of literature
- Proposed conceptual framework

Chapter 3

- Discussion about research design, data collection methods, sampling design, research instrument, constructs measurement, data processing and data

Chapter 4

- Shows results through Statistical Analysis System (SAS)
- Includes descriptive analysis, scale measurement and inferential analysis

Chapter 5

- Summary of all analysis and discussion on major findings
- Implications, limitations and recommendations

1.8 Conclusion

Chapter 1 provides a basic understanding of the study of the factors that affecting customer satisfaction among local tourists toward budget hotels in Malaysia. This chapter also provide a fundamental guideline for further development of the study. Further discussion of this research will be carried out in Chapter 2.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

The conceptual framework and the six core determinants related to the factors that affect customer satisfaction among local tourists toward budget hotels in Malaysia, reliability, assurance, tangibles, empathy, responsiveness and price used in proposed conceptual framework will be discussed in details in this chapter. Finally, Chapter 2 also will include with all hypotheses formed to test the relationship between these factors and customer satisfaction among local tourists toward budget hotels.

2.1 Review of Literature

2.1.1 Customer Satisfaction

Satisfaction was defined as whole performance evaluation based on all prior experiences with the firm (Jones et al., 2000). Satisfaction can be influenced by objective factors such as product and service features, and also determined by subjective factors such as emotions and customer needs (Markovic et al., 2010). In fact, satisfaction holds an essential role in creating value for customers (Tanackovic, 2013).

In order to success in any business, customer satisfaction definitely is the critical factor (Gronoos, 1990). Satisfaction level is the outcome of the discrepancy between expected and actual performance. For example, positive disconfirmation as known as satisfaction will happen when product or service performs better than expected (Oliver, 1980). Furthermore, customer satisfaction is also outcome of customer's perception of the value gained in a

relationship or transaction, comparing to competitors (Blanchard & Galloway, 1994).

Other than that, customer satisfaction considered as a starting point to create and strengthen customer loyalty, hence long-term relationship with customers can be developed (Gandolfo, 2010). In order to improve customer loyalty, management approach focused on customer satisfaction was effective, at the same time enhanced the good image of touristic place (Gandolfo, 2010). A satisfied customer spreads positive Word Of Mouth, the effect was better than conventional advertising (Villanueva et al., 2008).

The level of deep analysis and understanding about motivators and knowledge of customer satisfaction are the key points for the business success of hospitality services (Gutiererez-Sanchez et al. 2011, p. 18). Besides, a small increment in customer satisfaction will enhance customer loyalty dramatically in hotel industry (Carev, 2008). Room qualities, value and employee quality are the main reasons that affect hotel customer satisfaction (Choi & Chu, 2001).

2.1.2 Reliability

Reliability in SERVQUAL model is the capability to carry out the service accurately and dependably as promise (Van Iwaarden & Van der Wiele, 2002). Dependably is defined as the service provider is able to provided what is needed and to be trusted while accurately is defined as service provider is able to achieve the outputs that are correct. High service reliability refers to the error-free performance provided by the service provider. For example, charity fund is distributed rightfully, car is well-tuned after maintenance and train is arriving on schedule (Meriam Webster, n.d.).

Reliability is assumed to affect the costs and demand of customers and defined as the probability that service provider is able to meet the predetermined

service standard. (Boronico & Moliver, 1997). Reliability of service includes complaint handling, pricing and promises delivery (Rahman, Jamil, and Iranmanesh, 2014).

In handling customer complaint, satisfaction of the customer can be increased if the employee is capable to solve the problem and is competent (Bitner et al., 1990). Satisfaction of complain means the satisfaction of the customer to the service provider's response to the customer's complaint (Stauss, 2002). Besides, customers compare the expectation and the perception of the company's delivery performance in order to evaluate their acceptability (Demoulin & Djelassi, 2013).

2.1.3 Assurance

According to Merriam Webster (n.d.), assurance is defined as the confidence of manner. Credibility, competence, security, courtesy and attributes of communication are the elements in service assurance (Parasuramen & Zeithaml, 1985). The ability of company employees use their courtesy and knowledge to inspire confidence and trust of the customers is the meaning of service assurance as well (Schneider & White, 2004).

The components in assurance can be elaborate as the courtesy embraces admiration, consideration and politeness. Communication that keeps customers always informed. Competence refers to the required knowledge and skills to carry out the service. Security means that free from risk and danger. Lastly, credibility refers to the truthful and trustworthiness (Du, Deng, Varshney & Han, 2003). Besides, the assurance statement refers to the knowledge of the staffs (Akbaba, 2006)

Furthermore, according to Glutting, Oakland & McDermott (1989), systematic activities which include documentation in order to prevent quality issue is the definition of the quality assurance. In hotel context, assurance refers to the

problem handling ability of the hotel staffs and the ability to convey confidence to the hotel guests (Lin, 2005).

2.1.4 Tangibles

Tangibles in SERVQUAL model refers to the appearance of the personnel, equipment and physical facilities. For instant, tangibles elements are "eye-catching materials", "visual attractive physical facilities" and up-to-date facilities" (Van Iwaarden & Van der Wiele, 2002). Tangibles play an important role in influencing the service quality and customers can have better understanding on the service if the service provider can manipulate the tangibles aspects. For example, the price of the service, the physical service environment and the service provider appearance (Shaharudrn, Yusof, Elias & Mansor, 2009). Besides, tangibles affect directly on the perceived service quality and affect indirectly on the other four factors (Reimer & Kuehn, 2005).

Tangibles can be divided into tidiness/cleanliness element which means the tidy and cleanliness of the tangible component and the comfort element which means the comfort of the service facilities and environment (Johnston, 1995). Cleaning is known as the removal of inorganic and organic soil away from the surface (The Centers of Disease Control and Prevention, 2013). On the other hand, cleanliness is the most fundamental presumption of the hotel guests (Zemke, Neal, Shoemaker & Kirsch, 2015).

The cleanliness of places such as guest room's bathroom, lobby and hotel exterior can affect the customer's perception on service quality. Furthermore, another potential enhancer for service quality is hygiene (Barber & Scarcelli, 2010). According to Silvestro & Johnston (1990), one of the essential reasons that leads to dissatisfaction of service quality experience is the lack of hygiene.

2.1.5 Empathy

According to Meriam webster (n.d.), empathy is defined as the ability of to understand someone else's emotions and experiences. In business context, empathy is referring to the individualized attention and caring that the firm provides to its consumers (Chrestin et al., 1997). Besides, ability to know consumers' desire, behavior and feeling is the definition of empathy as well (Lin, 2005).

One of the predictor of trust is empathy (Ahearne, Jelinek & Jones 2007). At the initial phase of relationship building, empathy takes an essential role in building trust. Furthermore, listening and empathy are essential factors of customer satisfaction (Agarwal, 2005).

In hotel context, empathy dimension is referring to the ability of the employees to provide care and individual attention to the guests (Lin, 2005). According to Turner & Reisinger (2001), customers in hospitality want to be treated with empathy, friendliness and kindness.

2.1.6 Responsiveness

According to Akbaba (2006), responsiveness in SERVQUAL model refers to the willingness of the staffs to carry out instant service and assist customers. Customer satisfaction, costs, financial performance and customer retention have positive relationship with the responsiveness of the employees (Sureshchandar et al., 2002).

Responsiveness is considered as an ability of a company to react to the changes of customer needs and wants as well as the changes in the market (Frey, 1998). The key to add new customers to the organization and retain current is emphasizing in responsiveness. Responsiveness means that the

employees are able to anticipate the customer need and want and react accordingly (Daugherty, Ellinger, & Rogers, 1995).

One of the important factors to create responsiveness is the ability of information sharing since the result of information sharing enables a company reacts to the customer needs and gains better customer loyalty (Ramayah & Omar, 2010). In hotel industry, there is a high demand in information sharing in order to enhance the customer responsiveness and the performance of the hotel (Martin & Grbac, 2003).

2.1.7 Price

Besides service qualities, price is also another factor that affecting customer satisfaction toward budget hotels. According to Kotler & Armstrong (2010), price is the amount of money ask in payment for receiving a good or service, and the total of the values that customers exchange for the advantages of having the goods or services. According to Estelami & Bergstein (2006), the price of a product or service is a major decision variables for both retailer and consumer. The accommodation fee is the majority of tourism expenditure for tourists ("Budget Hotels", 2013). In hotel industry, price is the important factor that affecting customer's quality perceptions (Lewis & Shoemaker, 1997). According to Parasuraman, Zeithaml & Berry (1991), guests had expected higher level of service when they paid more. Price perception has directly influences toward customer satisfaction (Matzle, Wurtele, & Renzl, 2006). According to Thompson (2005), consumer perception of having booked a room at a lower price is responsible for customer satisfaction with the hotel.

Price fairness is speak about customers' assessments of whether a seller's price is acceptable, reasonable and justifiable (Kukar-Kinne, Xia& Monroe, 2007). Price fairness is an important measurement in price that helps to develop customer satisfaction (Al-Msallam, 2015). Price transparency is

giving the customers open, honest and complete price-related information that needed for their purchasing decisions (Urban, 2003). A high price transparency can lower customers' search and evaluation costs, thus, lead to a higher satisfaction (Matzle et al., 2006). When customer has limited knowledge on price information, they will have a dissatisfying purchase experience (Best and Andreasen, 1977; Dickson and Sawyer, 1990; Estelami & Bergstein, 2006).

According to Cho (2006), implementing successful pricing strategy is important to hotel as guests tend to perceive intangible service on the basis of an offered price. Based on the research result, reasonable room price has a positive relationship in reaching customer's expectation and satisfying r

2.2 Review of Relevant Theoretical Framework

The judgement of customer towards a service overall superiority and excellence is defined as service quality (Zeithaml, 1988). Service quality is a complicated issue, the improvement of service quality requires persistent and efforts, it does not happen overnight (Garvin, 1988). SERVQUAL is a model to judge the service quality with 5 dimensions which are responsiveness, reliability, empathy, tangibles, assurance and (Parasuraman & Zeithaml, 1985). The wants of customers think that the service provider should offer is "expectation" while the customer's evaluation of service provider is "perception" (Lim & Tang, 2000). When the expectations are met means that service quality occurs (Parasuraman & Zeithaml, 1985). Guests are interacting directly with services provided in a hotel. In order to provide the required level of service quality in the hotel, hoteliers need to understand the guests' expectations (Shi & Su, 2007). According to Fernandez, Ana & Bedia (2004), SERVQUAL was considered as the most appropriate model to judge hotels' service qualities.

2.3 Proposed Conceptual Framework

Figure 2.1: Theoretical Framework of Factors That Affect Customer Satisfaction
Among Local Tourists Toward Budget Hotels in Malaysia
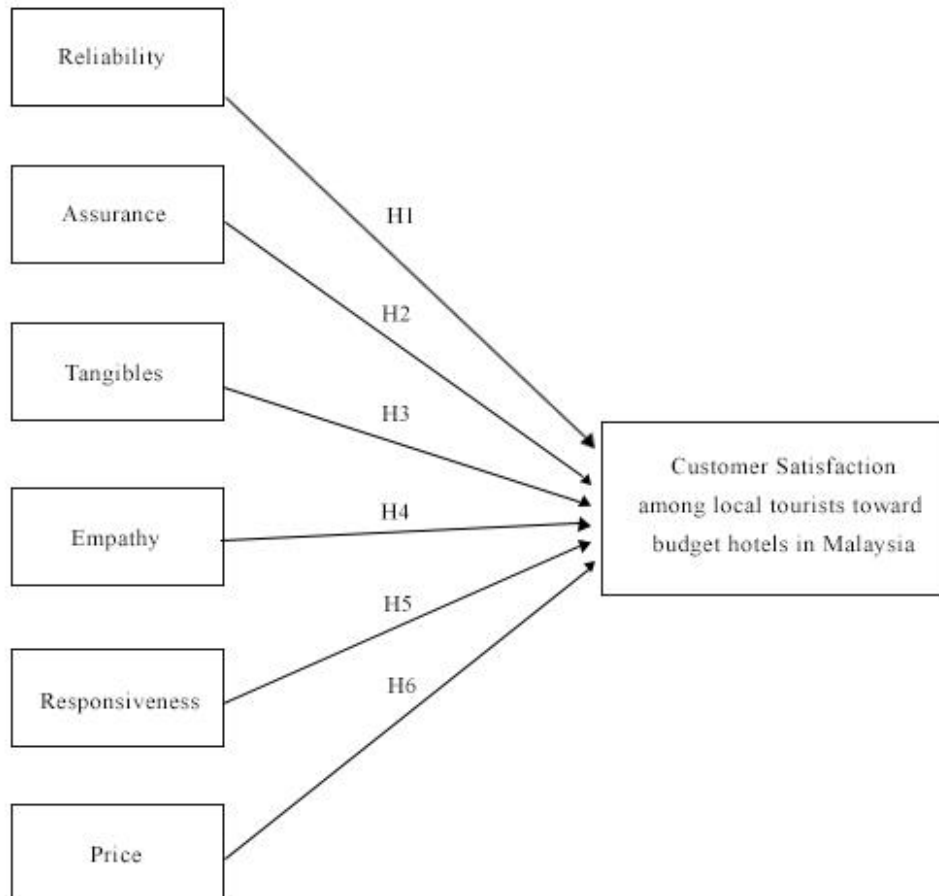
It is essential that the service quality of a hotel need to be monitored frequently in order to sustain competitive in the hotel industry (Saghier, 2013). SERVQUAL model can be a model to measure the service quality in hotel industry base on a practical view (Markovic, 2005). The quality of a service in a hotel needs to be managed by understanding customer expectation (Shi & Su, 2007). According to the research of Fernandez, Ana & Bedia (2004), service quality of hotel can be measured by SERVQUAL model appropriately. SERVQUAL model acts as an important model to determine the hotel customer satisfaction since it was introduced in different

researches (Nitin, Deshmukh & Perm, 2005). Furthermore, Markovic (2004) used SERVQUAL model to examine the perception and expectation of the hotel and proved that it is a useful tool to measure the service quality in hotel industry.

Price is known as an essential determinant for satisfaction (Huber, Herrmann & Morgan, 2001). According to the study of Lockyer (2005), he found that price is one of the important factors which affect the hotel selection and satisfaction. Medium price of a hotel is able to achieve highest level of satisfaction (Campo & Yague, 2009). Besides, if the customer realize that the pricing system of the hotel is unfair, the satisfaction will be affected and customer will not visit the hotel in the future (Bassey, 2014).

2.4 Hypotheses Development

2.4.1 Reliability

H1: Reliability has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

According to Galetzk, Verhoeven & Pruyn, (2006), customer satisfaction is affected significantly by service reliability. Besides, reliability is extremely essential in service industry, if the service provider can provide 100% what they promise to the customer, service satisfaction will be enhanced (Estepon, 2010).

2.4.2 Assurance

H2: Assurance has positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia.

When the hotel customer is able to receive service assurance from hotel, the majority of the customer will express satisfaction toward the service of the hotel (Karunaratne & Jayawardena, 2010). Besides, customer satisfaction can be achieved by providing proper quality assurance services to the customers (Aldawood & Asia, 2010). Customers will be delighted and satisfied by receiving high quality assurance service practices as well (Musa & Salleh, 2005).

2.4.3 Tangibles

H3: Tangibles has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

According to Magnusson & Sundin (2005), customer satisfaction can be reached by fulfilling the customer expectation and the tangibles components in the hotel can affect the customer greatly. Furthermore, Mukhtar, Iman, Ashiq, Amjad & Nasar (2014) revealed that tangibility has long term effect on customer satisfaction. Siriwardana (2015) stated that tangibility of a service has higher impact on customer satisfaction compare to other factors.

2.4.4 Empathy

H4: Empathy has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

According to Wieseke & Bornemann (2009), empathy enables employees can have better on customer's needs and thus result in better customer satisfaction. Besides, customers can recognize the efforts of front line employees if the employees are able to serve the customer with empathy (Gremler & Gwinner, 2000). The study conducted by Wieseke, Geigenmüller & Kraus (2012) showed empathy of front line employee act as an important role in influencing customer satisfaction.

2.4.5 Responsiveness

H5: Responsiveness has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Customer experience can be improved by the responsiveness of the company since customer wants the problem to be solved quickly (Zagorica, 2013) Besides, according to the center for the study of social policy (2007), if the organization is able to improve the responsiveness, the satisfaction level of the customer will be increased as well.

2.4.6 Price

H6: Price has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Price is an indicator for service quality which results in better expectation for the service and higher satisfaction (Dapkevičius & Melnikas, 2009). Customer satisfaction is affected positively by price fairness (Herrmann, Xia, Monroe & Huber, 2007). Poor price perception will create an unfavourable effect on total satisfaction (Hellstrand, 2010). Customer examines both price and service quality in order to determine the overall satisfaction (Steiner, Siems, Weber & Guhl, 2014).

2.5 Conclusion

Concisely, this chapter presented secondary data for review. Furthermore, this chapter provide a clear path for the later chapters to achieve research objectives set.

Chapter 3: Research Methodology

3.0 Introduction

Research methodology is necessary to provide a reliable and valid research study. In Chapter 3, we will discuss and deliver about the method that used to obtain related information for our research. This includes research design, data collection methods, sampling design, research instrument, constructs measurement, the processing of data and data analysis.

3.1 Research Design

Research design is the processes and methods used for data collection and analysis during the research (Burns & Bush, 2009). Research design declaim that the data required, from whom, and they way it is going to provide answer for research question. Basically research design will influence the level to which causal claims can be made about the effect of the intervention (Jalil, 2013). In this research, we are applying quantitative research. According to Aliaga & Gunderson (2006), quantitative research pay attention to collect and analyze numerical data with the use of mathematically based methods. Quantitative research conducted by asking people for opinions in a formatted method to produce dependable statistics and facts (The Marketing Donut, 2009). In this research, descriptive research design is employed to define the six identified factors that affecting customer satisfaction among local tourists toward budget hotels as it describes situation and not determining causes and effects (Hale, 2011).

3.2 Data Collection Method

Only primary data will be used to answer the hypotheses and research questions are set out in this research study.

3.2.1 Primary Data

Primary data means the first hand original data that was gathered for the first time and never been published yet (Burns & Bush, 2010). Sources of primary data are survey, questionnaire, interview and observations (Manukumarkm, 2013). We will distribute questionnaire to our targeted respondents. We used primary data as it is concerned to our study and unedited, hence the outcome will be more reliable.

3.3 Sampling Design

3.3.1 Target Population

The target population of this study is the Malaysia local tourists who have travelled locally and stayed in budget hotel within 6 months from the day they participate in this study. This study set Malaysia local tourist as the target population as the number of Malaysia local tourists of year 2014 increased by 11.6% as compared to year 2013 (Department of Statistic Malaysia, 2015). The reason we set the duration within 6 months is because the experience is still remain fresh in respondents' mind and easy for them to recall the experience of staying a budget hotel. Besides that, Cherdchamadol & Sriboonjit (2013) had also chosen their target respondent who staying and/or has been experience within 6 months in hotels for their research about customer satisfaction toward budget hotels.

3.3.2 Sampling Location and Sampling Frame

The sampling location for this research is set at Kuala Lumpur and Penang. As a result of Euromonitor Inter-national's just-released Top 100 City Destination Ranking list, KL listed as one among the top 10 city destinations for travellers (The Star, 2016). KL is also the capital city of Malaysia (Official Portal of Kuala Lumpur City Hall, 2016). Penang Island is known as "Pearl of the Orient", and rated as a popular place for most affordable sunny vacation (The Malaysian Insider, 2016). As listed as a UNESCO World Cultural Heritage Site in 2008, Georgetown is the historic city of the Straits of Malacca and the heart of Penang (UNESCO World Heritage Centre, 2008). According to Mohamed & Yusof (2009), most of the local tourists will choose Kuala Lumpur and Penang as their travel destinations in Malaysia. As KL and Penang are famous tourist destination in Malaysia for tourist, so we choose these two places to distribute our questionnaire as we can obtain sufficient target respondent.

There is no appropriate and suitable sampling frame for this research as the name list of Malaysia local tourists who has experience of staying in Malaysia budget hotels is unavailable to collect.

3.3.3 Sampling Elements

Target respondents vary from students, working adults, and anyone who has experience that stayed in budget hotel before. This study focuses more on young adult, whose are age from 18 years old to 36 years old (Balota & Duchek, 1988). The main reason we choose them is that their increasing purchasing power and spending behavior has made them to be an attractive target customer for different industries (Reisinger & Mavondo, 2002). Nowadays, Malaysia young travellers are getting more travel opportunities as

they can get the travel information easily via internet and social network (Chiu, Ramli, Yusof, & Ting, 2015). According to Mohn (2013), young tourists represented 20% of international tourism, and their spent is more growth than other groups of tourists. UNWTO (2008) predicted that young, affluent middle class will become the main source of the forecast growth in travel demand and reach around 500 million people by year 2025.

3.3.4 Sampling Technique

Non-probability sampling technique is used where the sampling frame is not available in this study. Non-probability sampling technique is useful as this study need descriptive comments (Statistics Canada, 2001). Judgmental sampling method were used in this research when distribute questionnaire to target respondents. Judgmental sampling is also known as purposive/authoritative sampling (Tongco, 2007). Quality of data collected depends on the selected sample, so, reliability and competence of the sample must be ensured (Tongco, 2007). To ensure the respondent is fall in target population, we will ask them three questions: 1) Are they Malaysian; 2) Are they stay in budget hotel of KL or Penang before; 3) Are they fall in the age group of 18 – 36. If all answers are yes, will proceed to ask them to fill up the questionnaire.

Judgmental sampling is a non-probability sampling technique where we can select the elements to be sampled placed on our information and capable judgment (Black, 2010). By applying judgmental sampling, this study can get more accurate result as it can get the views of target population. Judgmental sampling will be a better solution for this research since it consumes less time and less cost as we do not need to filter a large number of surveys before proceed to data analysis (Essay UK, 2013).

3.3.5 Sample Size

As stated by MacCallum, Widaman, Zhang & Hong (1999), the sample size must at least have 100. The sample size was 200 in research about customer satisfaction conducted by Toelle (2006). Another study that focused on hotel customer satisfaction distributed 237 questionnaires to their respondent (Kandampully & Suhartanto, 2000). Cattell (1978) asserted that the minimum appropriate sample size should be 250. Thus, the sample size in this research is 250.

3.4 Research Instrument

3.4.1 Questionnaire

This research had implemented questionnaire to collect data. Marshall (2005) and Zikmund & Babin (2007) had pointed that questionnaire is an instrument that collecting data effectively especially when gather the data from a large number of the respondents in a short time as it is easy and fast. Hair, Babin, Money and Samouel (2003) and Malhotra (2012) said that questionnaire method has high response rate when gather data from great quantity of respondents. This questionnaire is designed based on six variables which are reliability, assurance, tangibles, empathy, responsiveness and price.

3.4.2 Questionnaire Design

A questionnaire design can affect the overall quality of research conclusions. A well questionnaire design is determined by the quality of data that are getting from questionnaire (Makienko & Bernard, 2012). Our questionnaire is

adopted from prior research studies to guarantee the high validity of the questionnaire.

The questionnaire has Section A and B. Section A is the respondents' demographic profile with 4 questions: gender, age, occupation and monthly income level. Section A is applying nominal and ordinal scale which respondents can answer the questions by ticking the options provided.

Section B is about the independent variables and dependent variable which are reliability, assurance, tangibles, empathy, responsiveness, price and customer satisfaction among local tourists toward budget hotels in Malaysia. Three IVs consist 5 questions and another three IVs consist 4 questions which discusses about the elements that influence local tourist satisfaction toward budget hotel by using the Likert Scale (non-comparative techniques) which is interval scale of measurement. It made up of an extent of 1-5 starting (1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree). DV include 4 questions in the questionnaire. All questions are designed with closed-ended questions to compute the responses easily.

3.4.3 Pilot Test

Pilot testing is a vital step before conduct the actual survey process. It examined the reliability and effectiveness of questionnaire that certify the good quality of the survey (Trakulmaykee, Lim, & Trakulmaykee, 2013). Small quantity and potential respondents who have similarity with each other should done the pilot testing (Taylor-Powell & Hermann, 2000).

Prior the actual data collection, our supervisor had reviewed the questionnaire. There are some amendments in order to have a better understanding for future respondents. The revised questionnaires were handed out to 30 respondents and we collected their feedback to do correction. According to Hill (1998) and Isaac & Michael (1995) claimed that the pilot test should be 10 to 30

respondents. The reliability test result on these 30 questionnaires is showed in Table 3.1.

Table 3.1: Reliability test result of Pilot Test

No.	Variables	Cronbach's Alpha	No. of Items
1	Reliability	0.8575	5
2	Assurance	0.9345	5
3	Tangibles	0.8634	4
4	Empathy	0.8806	5
5	Responsiveness	0.8586	4
6	Price	0.8634	4
7	Customer Satisfaction	0.8513	4

Source: Developed from research

According to Cronbach & Shavelson (2004), when the Cronbach's Alpha value is ≥ 0.7, it is reliable. Thus, all of the seven variables in this research are reliable.

3.4.4 Data Collection

Drop-off method is self-administered survey and used in our data collection procedure as it is costless. The questionnaire was distributed to 250 local tourists who stayed in budget hotel in KL and Penang. The respondents did the questionnaire by themselves and we collect it after that. We distributed the questionnaire in Bukit Bintang area and George Town.

We done the task separately, two members went Bukit Bintang, KL to distribute questionnaire to target respondents. Another two members went George Town, Penang to distribute the questionnaires to target respondents. The whole data collection took 3 days to complete.

3.5 Constructs Measurement

Each construct was quantified by using 5-point Likert scale that ranged from "strongly disagree to strongly agree" in this research. The constructs was revised from a number of sources as show at table below.

Table 3.2: Origin of Constructs

Constructs	Adapted from
Reliability	(Narangajavana, 2007); Lin (2005)
Assurance	
Tangibles	
Empathy	
Responsiveness	
Price	(Raza, Siddiquei, Awan, & Bukhari, 2012); (Matzle, Wurtele, & Renzl, 2006)
Customer Satisfaction	(Yang Yu, 2012)

3.5.1 Scale Management

3.5.1.1 Nominal Scale

Nominal scale is the lowest form of measurement which is in the absence of quantitative value. Nominal scale usually used to classify common characteristic such as gender and age (Garger, 2010). The example of question that used nominal scale is displayed in figure 3.1.

Figure 3.1 Example of Nominal Scale in Research Questionnaire

1. Gender   ☐   Male
            ☐   Female

3.5.1.2 Ordinal Scale

In questionnaire, ordinal scale used to measure "less than" and "greater than" question. The significant measure of ordinal scale is the sequence of the values since it rates data from the bottom to top (Stevens, 2012). Example of question that used ordinal scale is shown in figure 3.2.

Figure 3.2 Example of Ordinal Scale in Research Questionnaire

2. Age   ☐   18 – 20years old
         ☐   21 – 24 years old
         ☐   25 – 28 years old
         ☐   29 – 32 years old
         ☐   33 – 36 years old

3.5.1.3 Likert Scale

Likert scale is a non-comparative scale, it define the level to which the respondents agree with a sequence of statement regarding a question. In section B, Likert 5-point scale was applied: "strongly disagree, disagree,

neutral, agree, strongly agree". The example of question that used Likert scale is demonstrated in figure 3.3.

Figure 3.3 Example of Likert Scale Question

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV1	**Reliability**					
1a	The budget hotel is able to deliver the promised services.	1	2	3	4	5
1b	If you have a problem, the budget hotel employees are willing to solve it right away.	1	2	3	4	5
1c	The budget hotel employees are able to solve customers' complaints with suitable solution.	1	2	3	4	5
1d	The budget hotel employees can response to the complaint with confidence.	1	2	3	4	5
1e	I am able to check in the hotel on time.	1	2	3	4	5

3.6 The Processing of Data

3.6.1 Data Checking

In order to ensure we can acquire high quality research data, question in terms of flow, grammar and details was checked carefully to prevent any possible errors exist in the questionnaire. The questions are modified depend on the comment during pilot test before distributing to target respondents.

3.6.2 Data Editing

Data editing can improve the accuracy, reliability and consistency for collected data (Kothari, 2013). It also can prevent questionnaire contain incomplete and ambiguous responses. Hence, it helps us to increase the quality of the questionnaire.

3.6.3 Data Coding

A procedure of allocating a code in number to each potential answer for every question from questionnaire is data coding (Kothari, 2013). Data coding helps collected data arrange in a detailed format. It also provides convenience for us during key in process.

3.6.4 Data Transcription

Input coded data into computers from questionnaire is a process of data transcribing (Malhotra, 2010). The coded data were saved into the computer and entered into SAS software to proceed with analysing data.

3.6.5 Data Cleaning

Data cleaning is an activity of consistency checking and handling of missing responses widely and completely (Malhotra, 2010). This is a process that can improve data consistency and reliability. Moreover, consistency is test through SAS software to determine data that are logically mismatch and may need amendment.

3.7 Data analysis

Data analysis will be conducted after data collection process. Data analysis can help to test hypothesis, describe facts, develop explanations and detect patterns (Levine & Roos, 1997). In this research, collected data will be analyze by employing SAS Enterprise Guide 5.1. The result will be shown in the form of statistics tables so as to explain effectively.

3.7.1 Descriptive Analysis of Research

Descriptive statistic summarizes the entire values that make up the element and explain it into descriptive message (Eiselen, Uys & Potgieter, 2005). Frequency distribution, percentage distribution and calculating mean is some of the commons that used by researchers. In our research, we showed the results produced in table form.

3.7.2 Scale Measurement

3.7.2.1 Reliability test

The purpose of conducting reliability test is to find out the consistency and stability of the research data (Malhorta & Peterson, 2006). In terms of testing reliability, we used Cronbach's Alpha Coefficient as measurement tool. Matkar (2012) declared the rules of thumb of Cronbach's Alpha Coefficient as below table 3.3.

Table 3.3 Rules of Thumb of Cronbach's Alpha Coefficient Range

Alpha Coefficient Range	Strength of Association
= 0.9	Excellent
0.8 to < 0.9	Very Good
0.7 to < 0.8	Good
0.6 to < 0.7	Moderate
<0.6	Poor

Source: (Matkar, 2012)

Cronbach's Alpha Coefficient is ranged from 0 to 1. When the variable having higher value, it showing the higher the reliability of the item. However, variables that less than the value of 0.6 are examined as unreliable.

3.7.3 Inferential Analysis of Research

3.7.3.1 Pearson Correlation Analysis

Pearson's correlation coefficient is a statistical measure of the strength of association between two metric variables (Malhotra, 2010). The coefficient (r) range from -1.0 to +1.0, it indicates the intensity of the relationship between two variables. Other than that, the trend of the relationship depends on the positive or negative sign (Privitera, 2014). In short, result showing +1.0 gives a perfect positive relationship, if the result shows -1.0, it means a perfect negative relationship. Zero value explained that relationship does not exist. Hair, Bush and Ortinau (2003) provided guidelines in determining strength of correlations as table below:

<u>Table 3.4 Correlation Coefficient Range</u>

Correlation Coefficient	Strength of Correlation
± 0.81 to ± 1.00	Very Strong
± 0.61 to ± 0.80	Strong
± 0.41 to ± 0.60	Moderate
± 0.21 to ± 0.40	Weak
± 0.00 to ± 0.20	None

<u>Source:</u> (Hair, Bush & Ortinau, 2003)

In our research, Pearson correlation is exerting to study the significant relationship and validity between IVs and DV.

3.7.3.2 Multiple Regressions

Multiple linear regressions analysis refers to a statistical way that permit simultaneous analysis with the linear relationship of two or more independent variable on the dependent variable (Zikmund & Babin, 2003). The general formula for multiple linear regressions as below:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + \ldots + b_k X_k$$

The equation in our study constructed as below:

$$\textbf{LCS} = \textbf{a} + \textbf{b}_1 \textbf{ (R)} + \textbf{b}_2 \textbf{ (A)} + \textbf{b}_3 \textbf{ (T)} + \textbf{b}_4 \textbf{ (E)} + \textbf{b}_5 \textbf{ (RE)} + \textbf{b}_6 \textbf{ (P)}$$

Whereby,

LCS = Customer Satisfaction among local tourists

a = constant

R = Reliability

A = Assurance

T = Tangibles

E = Empathy

RE = Responsiveness

P = Price

This equation will help us to find out which IV is most influential on DV.

3.8 Conclusion

All in all, the methodology of this research has been discussed through Chapter 3. This chapter will act as guidance for us in Chapter 4 for analysis of data.

Chapter 4: ANALYSIS OF DATA

4.0 Introduction

In chapter 4, several analyses had been carried out under our research. We employed SAS Enterprise Guide 5.1 to generate data and the outcomes generated will be further interpreted and discussed.

4.1 Descriptive analysis of research

4.1.1 Demographic profile of research respondents

4.1.1.1 Gender

Table 4.1: Gender

Gender				
	Frequency	Percent (%)	Cumulative frequency	Cumulative percent (%)
Male	111	44.40	111	44.40
Female	139	55.60	250	100.00

Source: Developed from research

Based on Table 4.1, it shows that it has 111 male respondents and 139 female respondents had responded our research. There are 44.40% represented by male respondents while 55.60% represented by female respondents.

4.1.1.2 Age group

Table 4.2: Age Group

Age group				
	Frequency	Percent (%)	Cumulative frequency	Cumulative percent (%)
18 – 20 years old	29	11.60	29	11.60
21 – 24 years old	117	46.80	146	58.40
25 – 28 years old	41	16.40	187	74.80
29 – 32 years old	41	16.40	228	91.20
33 – 36 years old	22	8.80	250	100.00

Source: Developed from research

Based on Table 4.2, most of the respondents are at the 21 to 24 years old age group, which have 117 respondents with 46.80%. Both age group of 25 to 28 years old and 29 to 32 years old having the same amount of 41 respondents or 16.40%. 29 respondents or 11.60% were at the age group between 18 to 20 years old. Lastly, only 8.80% of total respondents or 22 respondents are aged from 33 to 36 years old.

4.1.1.3 Occupation

Table 4.3: Occupation

Occupation				
	Frequency	Percent (%)	Cumulative frequency	Cumulative percent (%)
Students	66	26.40	66	26.40
Employed	139	55.60	205	82.00
Self-employed	41	16.40	245	98.40
Unemployed	4	1.60	250	100.00

Source: Developed from research

The occupation of respondents in our questionnaire is disclosed in table 4.3. Greatest amount of our respondents are employed which is 139 with 55.60% followed by students which is 66 with 26.40%. 41 respondents or 16.40% of total respondents are self-employed while 4 respondents or 1.60% are unemployed.

4.1.1.4 Monthly income

Table 4.4: Monthly Income

Monthly income (RM)				
RM	Frequency	Percent (%)	Cumulative frequency	Cumulative percent (%)
Below 1,500	70	28.00	70	28.00
1,500 – 3,000	64	25.60	134	53.60
3,001 – 4,500	72	28.80	206	82.40
4,501 – 6,000	20	8.00	226	90.40
6,000 and above	24	9.60	250	100.00

Source: Developed from research

Table 4.4 indicates the respondent's monthly income level. The highest amount, 72 respondents or 28.80% are having a monthly income of RM 3,001 to RM 4,500. 70 respondents having monthly income less than RM 1,500 which consist 28.00%. 64 respondents fall in the range of RM 1,500 to RM 3,000 (25.60%), followed by 24 of respondent's monthly income at the range of RM 6,000 and above (9.60%). Respondent's month income at the range of RM 4,501 to RM 6,000 consists of 20 respondents or 8.00% of total respondents.

4.1.2 Central Tendencies Measurement of Constructs

Standard deviation can measure the dispersion of the data while mean used as measure of central tendency (Saunders, Lewis, & Thornhill, 2009).

Table 4.5: Summary of Central Tendency for Reliability (R)

Variables	Items	Mean	Standard deviations	Ranks
R1	The budget hotel is able to deliver the promised services.	3.7080	0.8910	4
R2	If you have a problem, the budget hotel employees are willing to solve it right away.	3.7920	0.7476	3
R3	The budget hotel employees are able to solve customers' complaints with suitable solution	3.8400	0.7699	1
R4	The budget hotel employees can response to the complaint with confidence.	3.7960	0.8374	2
R5	I am able to check in the hotel on time.	3.1720	1.0559	5

Source: Developed from research

There are five items of Reliability (R) as presented in table 4.5. R3 has the highest mean value of 3.8400 and standard deviation value of 0.7699. On the

other hand, R5 has the lowest mean value which is 3.1720 and its standard deviation value is 1.0559.

Table 4.6: Summary of Central Tendency for Assurance (A)

Variables	Items	Mean	Standard deviations	Ranks
A1	I feel safe when I stay in the budget hotel.	3.7360	0.9326	2
A2	The employees have enough knowledge to answer my questions.	3.6800	1.0028	4
A3	The budget hotel employees can perform the services without any mistake.	3.7480	0.9634	1
A4	The information provided by the budget hotel employees is accurate.	3.6840	0.9940	3
A5	I feel confident to the budget hotel employees.	3.1560	1.0469	5

Source: Developed from research

Assurance (A) has five items as presented in table 4.6. A3 marks the highest mean value at 3.7480 and having standard deviation value of 0.9634. At the same time, the lowest mean value is scored by A5 at 3.1560 and it has a standard deviation value of 1.0469.

Table 4.7: Summary of Central Tendency for Tangibles (T)

Variables	Items	Mean	Standard deviations	Ranks
T1	The budget hotel has up-to-date equipment.	3.9880	0.7630	1
T2	The appearance of the budget hotel employees is well-looking.	3.9400	0.8920	2
T3	The budget hotel is clean.	3.8360	0.7612	3
T4	The budget hotel is tidy.	3.7120	0.8293	4

Source: Developed from research

The four items of Tangibles (T) are shown in table 4.7. T1 has the highest mean value of 3.9880 and standard deviation value of 0.7630. Meanwhile, T4 recorded the lowest mean value with 3.7120 which has a standard deviation value of 0.8293.

Table 4.8: Summary of Central Tendency for Empathy (E)

Variables	Items	Mean	Standard deviations	Ranks
E1	The budget hotel employees provide me with individual attention.	3.1720	1.0558	5
E2	The budget hotel employees are good in listening customers' complaints and requests.	3.7920	0.8530	1
E3	The budget hotel employees are able to understand customers' feeling.	3.1920	1.0807	4
E4	The budget hotel employees are concern about customers' complaints and requests.	3.6120	0.8050	2
E5	I feel safe in my dealing with the budget hotel employees.	3.2000	1.0680	3

Source: Developed from research

Table 4.8 illustrates the five items of Empathy (E). E2 obtained the highest mean of 3.7920 among all five items and a standard deviation of 0.8530. While E1 obtained the lowest mean value of 3.1720 with a standard deviation of 1.0558.

Table 4.9: Summary of Central Tendency for Responsiveness (RE)

Variables	Items	Mean	Standard deviations	Ranks
RE1	The budget hotel employees are able to answer my question quickly.	3.6160	0.8094	3
RE2	The budget hotel employees can solve my problem or complaint in a short period of time.	3.6560	0.9323	2
RE3	The budget hotel employees can perform the service quickly.	3.6160	0.8807	3
RE4	The equipment in the budget hotel can be used without any delay.	3.7520	0.8931	1

Source: Developed from research

Table 4.9 indicates the four items of Responsiveness (RE). The highest ranking with highest mean of 3.7520 is scored by RE4 with standard deviation of 0.8931 while RE1 and RE3 shared the lowest ranking of mean value which is 3.6160. RE1 has a standard deviation value of 0.8094 and RE3 has a standard deviation value of 0.8807.

Table 4.10: Summary of Central Tendency for Price (P)

Variables	Items	Mean	Standard deviations	Ranks
P1	The price information of the budget hotel is correct and complete.	3.8720	0.8309	1
P2	I know what I paid and what I get when I stayed in the budget hotel.	3.8720	0.8960	1
P3	The amount I paid is reasonable and worth for the staying experience.	3.7800	0.7938	2
P4	I have paid less than what I planned for staying in budget hotel.	3.7080	0.8636	3

Source: Developed from research

Table 4.10 illustrates the four items of Price (P). P1 and P2 obtained the same highest mean of 3.8720, while P1 has 0.8309 and P2 has 0.8960 as standard deviation value. The lowest mean is scored by P4 in which the mean is 3.7080 with standard deviation of 0.8636.

Table 4.11: Summary of Central Tendency for Customer Satisfaction among Local Tourist (LCS)

Variables	Items	Mean	Standard deviations	Ranks
LCS1	I feel that my experience with this budget hotel has been enjoyable.	3.9080	0.7414	2
LCS2	I am satisfied so I will be revisit the budget hotel.	3.9120	0.8964	1
LCS3	I am satisfied so I will be loyal to the budget hotel.	3.7560	0.7918	3
LCS4	I am satisfied so I will be spreading positive Word Of Mouth.	3.9080	0.7522	2

Source: Developed from research

Table 4.11 indicates the four items of Customer Satisfaction among Local Tourist. The highest ranking with highest mean of 3.9120 is scored by LCS2 with standard deviation of 0.8964 whereas the lowest ranking is obtained LCS3 with mean value at 3.7560 and its standard deviation value is 0.7918.

4.2 Scale measurement of research

4.2.1 Test of internal reliability

Cronbach's Alpha reliability test was make use to measure each of the items and to test how well the items can correlated to each other in this present study.

Table 4.12: Internal Reliability Test

Construct	Cronbach's Alpha	Number of Items
Reliability (R)	0.8139	5
Assurance (A)	0.9003	5
Tangibles (T)	0.8149	4
Empathy (E)	0.8318	5
Responsiveness (RE)	0.8115	4
Price (P)	0.8203	4
Customer Satisfaction among Local Tourists (LCS)	0.8039	4

Source: Developed from research

According to Table 4.12, all of our IVs and DV recorded alpha coefficient value greater than 0.7. For example, Cronbach's Alpha shows 0.8139 for the 5 items of Reliability (R), 0.9003 for the 5 items of Assurance (A), 0.8149 for the 4 items of Tangibles (T), 0.8318 for the 5 items of Empathy (E), 0.8115 for the 4 items of Responsiveness (R), and 0.8203 for the 4 items of Price (P). Furthermore, the DV, Customer Satisfaction among Local Tourist (LCS) has a Cronbach's Alpha of 0.8039 for 4 items. As a conclusion, this has proved that all the IVs and DV are constant as well as reliable (Santos, 1999).

4.3 Inferential analysis of research

4.3.1 Analysis of Pearson Correlation

Table 4.13: Pearson Correlation Coefficient

	R	A	T	E	RE	P	LCS
R	1.0000	0.0050	0.6059	0.6892	0.6465	0.5228	0.6663
		0.9378	<.0001	<.0001	<.0001	<.0001	<.0001
A	0.0050	1.0000	0.1038	-0.0042	0.0735	0.1264	0.1434
	0.9378		0.1014	0.9474	0.2470	0.0459	0.0233
T	0.6059	0.1038	1.0000	0.4074	0.5886	0.6706	0.7347
	<.0001	0.1014		<.0001	<.0001	<.0001	<.0001
E	0.6892	-0.0042	0.4074	1.0000	0.6237	0.4258	0.5396
	<.0001	0.9474	<.0001		<.0001	<.0001	<.0001
RE	0.6465	0.0735	0.5886	0.6237	1.0000	0.6035	0.6571
	<.0001	0.2470	<.0001	<.0001		<.0001	<.0001
P	0.5228	0.1264	0.6706	0.4258	0.6035	1.0000	0.6294
	<.0001	0.0459	<.0001	<.0001	<.0001		<.0001
LCS	0.6663	0.1434	0.7347	0.5396	0.6571	0.6294	1.0000
	<.0001	0.0233	<.0001	<.0001	<.0001	<.0001	

Source: Developed from research

Table 4.13 indicates that Reliability and Customer Satisfaction among Local Tourist has presented a correlation of r=0.66630 (p<0.0001). Moreover, it also shows that Assurance and Customer Satisfaction among Local Tourist has a correlation of r=0.14343 (p=0.0233). While Tangibles and Customer Satisfaction among Local Tourist has a correlation of r=0.73469 (p<0.0001). Furthermore, Empathy and Customer Satisfaction among Local Tourist has a correlation of r=0.53957 (p<0.0001). As shown in the table, Responsiveness and Customer Satisfaction among Local Tourist has a correlation of r=0.65714 (p<0.0001). Last but not least, Table 4.13 also indicates that Price and Customer Satisfaction among Local Tourist has a correlation of r=0.62936 (p<0.0001).

According to Chan (2003), Reliability of 0.66630, Tangibles of 0.73469, Empathy of 0.53957, Responsiveness of 0.65714 and Price of 0.62939 are categorized into moderate coefficient range. Chan (2003) states that Assurance of 0.14343 is categorized into weak coefficient range.

Multicollinearity problem arise when Pearson Coefficient Correlation value is greater than 0.9 (El-Fallah & El-Sallam, 2011). As shown in Table 4.13, the Pearson Coefficient Correlation values of the variables were less than 0.9. Therefore, multicollinearity problem is absence since the IVs in the research are not highly correlated among each other.

4.3.2 Multiple Linear Regression of Research

4.3.2.1 Strength of relationship

Table 4.14: Model Summary

Root MSE	Dependent Mean	Coeff. Var.	R-square	Adj. R-square
0.38457	3.87100	9.93472	0.6626	0.6543

Source: Developed from research

As shown in Table 4.14, the R-square (R^2) value is 0.6626. This interprets that 66.26% of the research result is significant taken to examine regression line. Furthermore, it indicates that 66.26% of variance in the Customer Satisfaction among Local Tourists toward budget hotels in Malaysia can explained by all IVs.

Table 4.15: ANOVA

Analysis of Variance					
Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	6	70.58844	11.76474	79.55	< .0001
Error	243	35.93881	0.14790		
Corrected Total	249	106.52725			

Source: Developed from research

Based on Table 4.15, F value is 79.55 and its significance level (Pr>F) is less than 0.0001. Therefore, our six IVs are performing well and able to explain the variation in the Customer Satisfaction among Local Tourists toward budget hotels in Malaysia.

Table 4.16: Coefficient

Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > |t|	Standardized Estimate	Tolerance	Variance Inflation
Intercept	1	0.09574	0.20565	0.47	0.6420	0		0
Reliability	1	0.21105	0.06510	3.24	0.0014	0.19576	0.38078	2.62617
Assurance	1	0.07263	0.03646	1.99	0.0475	0.07522	0.97355	1.02717
Tangibles	1	0.39813	0.05598	7.11	<.0001	0.39882	0.44144	2.26533
Empathy	1	0.07582	0.04547	1.67	0.0967	0.09153	0.46062	2.17098
Responsiveness	1	0.14886	0.05113	2.91	0.0039	0.16647	0.42464	2.35491
Price	1	0.10463	0.05095	2.05	0.0411	0.11061	0.47856	2.08959

Source: Developed from research

Small value of tolerance explains that the predictor is excessive, value less than 0.10 would need further study. As a rule of thumb, variance inflation value that are more than 10 may deserve further investigation (Chen, Ender & Wells, 2003). Table 4.16 shows the tolerance values ranging from 0.38078 to 0.97355 which is greater than 0.1 and variance inflation values is ranging from 1.02717 to 2.62617 which is below 10. Thus, once again prove that multicollinearity problem does not exist.

By refer to Table 4.16, the equation is make up based on the multiple regression model:

LCS = 0.09574 + 0.21150(R) + 0.07263(A) + 0.39813(T) + 0.07582(E) + 0.14886(RE) + 0.10463(P)

Whereby,

LCS= Customer Satisfaction among Local Tourists

R= Reliability

A= Assurance

T= Tangibles

E= Empathy

RE= Responsiveness

P= Price

4.3.2.2 Test of Significant

H1: Reliability has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

According to Table 4.16, reliability has obtained a significant value of 0.0014 and it is lower than 0.05. So, reliability has positive relationship with the customer satisfaction among local tourists toward budget hotels. Accordingly, H1 is supported.

Based on the above equation, the customer satisfaction among local tourists will increase by 0.21150 units if reliability is increased by 1 unit while other variables remain constant.

H2: Assurance has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Table 4.16 shows that assurance has a significant value of 0.0475 and it is lower than 0.05. Hence, this proves that assurance has positive relationship with the customer satisfaction among local tourists toward budget hotels. Therefore, H2 is supported.

Based on the above equation, the customer satisfaction among local tourists will increase by 0.07263 unit if assurance is increased by 1 unit, while other variables remain constant.

H3: Tangibles has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Based on Table 4.16, tangibles has a significant value of <0.0001 that is lower than 0.05. Thus, tangibles has positive relationship with the customer satisfaction among local tourists toward budget hotels. Hence, H3 is supported.

Based on the above equation, the customer satisfaction among local tourists will increase by 0.39813 unit if tangibles increased by 1 unit, while other variables remain constant.

H4: Empathy has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Based on Table 4.16, empathy has a significant value of 0.0967 which is higher than 0.05. Therefore, empathy has no positive relationship with the customer satisfaction among local tourists toward budget hotels. Budget hotels reduce the number of manpower and provide faster response to customer by using technology nowadays (James, 2012). Thus, H4 is not supported.

However, multiple regression analysis adopted to examine the relationship of a set of independent variables to a continuous dependent variable (Aiken, West & Pitts, 2003). Based on the above equation, the customer satisfaction among local tourists will increase by 0.07582 unit if empathy increased by 1 unit, while other variables remain constant.

H5: Responsiveness has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Based on Table 4.16, responsiveness has a significant value of 0.0039 which is less than 0.05. Therefore, responsiveness has positive relationship with the customer satisfaction among local tourists toward budget hotels. Hence, H5 is supported.

Based on the above equation, the customer satisfaction among local tourists will increase by 0.14886 unit if responsiveness increased by 1 unit, while other variables remain constant.

H6: Price has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

According to Table 4.16, price has a significant value of 0.0411 and it is not greater than 0.05. Therefore, price has positive relationship with the customer satisfaction among local tourists toward budget hotels. Hence, H6 is supported.

Based on the above equation, the customer satisfaction among local tourists will increase by 0.10463 unit if price increased by 1 unit, while other variables remain constant.

4.4 Conclusion

In a conclusion, Chapter 4 demonstrated the outcomes of the relationship between the six IVs and Customer Satisfaction among Local Tourists toward budget hotels in Malaysia. Next chapter will carry out a details discussion regarding research major findings, implication of research study, limitations of our research and recommendation for future studies.

Chapter 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

The statistical analysis from previous analyzed data will be summarized in this chapter. Furthermore, the implications of study and major findings will be included as well. Lastly, in order to support future study, recommendations and limitation will be discussed before conclusion.

5.1 Summary of Statistical Analyses of Research

5.1.1 Descriptive Analysis

5.1.1.1 Research Respondent's Demographic Profile

From the analysis of respondent demographic profile in Chapter 4, we know that female respondents obtain a higher number with a 55.60% than male respondent with only 44.40%. Furthermore, majority of the respondents are from the age of 21 to 24 years old with 46.80%. Moreover, we also found that highest number of respondents is employed with 55.60% in terms of occupation. In addition, the highest percentage of respondent's monthly income is RM 3,001 to RM 4,500 that has accommodated 28.80%.

5.1.1.2 Summary of Central Tendencies Measurement

On the basis of our analysis, R3, A3, T1, E2, RE4, P1/P2, and LCS2 recorded the highest mean value while R5, A5, T4, E1, RE1/RE3, P4 and LCS3 recorded the lowest mean value.

5.1.2 Scale Measurement of Research

5.1.2.1 Test of Reliability

This research implemented Cronbach's Alpha in order to test the reliability of the 31 items which includes the six IVs (R, A, T, E, RE, P) and a DV (LCS). By examine the analysis results, we found out both independent variables and dependent variable are reliable. The variable that captures the greatest value in reliability test is A, followed by E, P, T, R, RE, and LCS.

5.1.3 Inferential Analyses of Research

5.1.3.1 Pearson Correlation Coefficient

The strength of association and relationship among the seven variables was analyzed through Pearson Correlation in our research. The result reveals that all six IVs revealed positive significant correlation with DV. The strongest positive relationship with DV (LCS) is T with the value of 0.73469, following by R (0.66630), RE (0.65714), P (0.62936), E (0.53957) and lastly A (0.14343). Furthermore, all IVs recorded p-value score of below 0.0001 (R, T, E, RE, P) and 0.0233 (A) that are under 0.05. Thence, all constructs proved to show significant relationship with LCS.

5.1.3.2 Multiple Regression Analysis

Based on the multiple regression table, the F-value is 79.55 with a significant level less than 0.0001. All IVs were realized to have positive relationship with the DV except for Empathy (E) which having significant value of 0.0967 that is greater than 0.05. On the other hand, the value of R^2 is 0.6626 which indicates that 66.26% of the variation in the customer satisfaction among local tourists toward budget hotels in Malaysia has been explained by the six IVs (Reliability, Assurance, Tangibles, Empathy, Responsiveness, and Price). Lastly, multiple regression equation is established based on multiple regression model as below:

LCS = 0.09574 + 0.21150(R) + 0.07263(A) + 0.39813(T) + 0.07582(E) + 0.14886(RE) + 0.10463(P)

5.2 Discussion of Research Major Finding

H1: Reliability has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

The result of the research showed that reliability has positive influence with customer satisfaction among local tourists toward budget hotel in Malaysia. Galetzk, Verhoeven & Pruyn, (2006) also prove that customer satisfaction will be affected by service reliability significantly. In another word, high level of customer satisfaction can be achieved by providing reliable customer service. Another research also stated that customer satisfaction will be improved if service providers are able to provide what they promise to the customers (Estepon, 2010). Thus, reliability is proven as a factor that affects the customer satisfaction in budget hotel.

H2: Assurance has positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia.

Assurance shows the positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia. In the study of Karunaratne & Jayawardena (2010), most of the customer will experience satisfaction when the hotel can provide service assurance to the customer. Furthermore, customer satisfaction is enhanced significantly with service quality assurance. Musa & Salleh (2005) also found that customers will be satisfied by receiving service with high assurance. Hence, assurance is proved that it is a factor that affects the customer satisfaction in budget hotel.

H3: Tangibles has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Our study has showed that tangibles has positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia. This has been proven by Dube & Renaghan (2000) and they stated that tangibles can influence customer satisfaction tremendously. In another, the improvement in the tangibles elements will enhance customer satisfaction at the same time. According to the research of Magnusson & Sundin (2005), customer will haven higher level of satisfaction with clearer evaluation when the service is more tangibles. In this research, we can conclude that tangibles is one of the factor that affects the customer satisfaction in budget hotel.

H4: Empathy has no positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Our research has showed that empathy does not have positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia. This is due to customer has lesser interaction with hotel employee nowadays since the information can be obtained by customer by referring to the company website and search engine (Inversini & Schegg 2016). "E-care" is referring to the system which provide digitalize customer care to the customer and this system is able to improve customer satisfaction with automated system (Banfi, Gbahoue & Schneider 2013). So, empathy has no significant relationship with customer satisfaction among local tourists toward budget hotel in Malaysia. Besides, according to the study of Motlagh

et al.(2013), he found that empathy does not have significant relationship with hotel customer satisfaction.

H5: Responsiveness has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

Responsiveness shows the positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia. According to Zagorica (2013), customer wants the problem to be solved quickly and thus customer satisfaction is affected by the responsiveness of service provider. Besides center for the study of social policy (2007) also stated that the satisfaction level of a customer is higher when the firm is able to provide responsive service. Therefore, we are able to conclude that responsiveness is the factor that affects the customer satisfaction in budget hotel.

H6: Price has positive relationship with the customer satisfaction among local tourists toward budget hotels in Malaysia.

The result of our study has showed the positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia. This result is proved by Herrmann, Xia, Monroe & Huber (2007), price can affect customer satisfaction directly since it is a direct factor that influence customer satisfaction. Besides, customer will examine the price in order to determine the overall satisfaction which means customer satisfaction is affected by price directly (Steiner, Siems, Weber & Guhl, 2014). In the nutshell, price has positive relationship with the customer satisfaction among local tourists toward budget hotel in Malaysia.

5.3 Implications of the Research Study

5.3.1 Managerial Implications

In our research, customer satisfaction was measured by 6 variables. The results obtained from the data provide a valuable implication in helping budget hoteliers to identify the factors that influencing customer satisfaction among local tourists toward budget hotels in Malaysia.

As reliability is the variable to measure customer satisfaction. In order to increase the customer satisfaction, the budget hoteliers should provide training to their employees regarding problem solving and complaint handling. When the employee can solve the problem well and manage to communicate well with customer, the customer satisfaction would increase. Besides provide training to employees, budget hoteliers can have a mentor-mentee program to new employees where mentor is the senior staff that giving advice that cannot describe in words, for example, the right attitude to solve customer complaint, to the mentee, who is the new staff.

Budget hoteliers should make sure the environment of the budget hotel is safe as assurance is one of the measurements of customer satisfaction. By improving the safety of the hotel, budget hotelier can apply door access security system which only allows the hotel customer to enter the hotel by the RFID access card. In addition, if the budget hotel has lift in its building, budget hotelier can also install lift access control system which the tenant who assigned with RFID access card only granted to access particular floors. It can maximize the security system and make customer feel more safety when stayed in the budget hotel. Budget hotelier can also require local police to patrol the surrounding of the budget hotel building during midnight.

Budget hoteliers have to make sure the hotel looks clean and neat as tangibles has proven as influencing factor that affecting customer satisfaction. They should clean the room once the guests leave the room and before the new

guests check in the room. Other than hotel room, budget hoteliers should also take care of the cleanliness of the lobby. Beside cleanliness, budget hoteliers also have to make sure the hotel equipment are always functionable. Thus, budget hoteliers have to check the equipment regularly and fix it immediately if there is any malfunction.

In this research, we have find out that empathy have no positive relationship with customer satisfaction, thus, budget hotelier can cut cost on hiring more employee to serve their customer but use the money to invest on technology. For examples, install automatic check in kiosk in the budget hotel lobby, which can speed up the check in process and develop a user friendly website for customer to book their room easily and cashless payment through trustable online payment system.

Budget hoteliers should improve their information sharing system to ensure responsiveness. They have to ensure all of the information stated and given is correct. If there is any mistake, the budget hoteliers have to make amendment immediately. Having a better information sharing system can help the employee have better understanding on the hotel policy and up-to-date information such as room details and price, room availability, equipment availability. Thus, when customer enquires about the information, budget hotel staff can respond to the customer instantly.

Price is also one of the factors that affecting customer satisfaction toward budget hotels among Malaysia local tourist. Malaysia local tourists tend to have the right combination of service quality and reasonable prices. As expected, Malaysia local tourists also tend not to spend much on accommodation, so budget hoteliers have to make sure that the price offered to the customers is always reasonable and benchmark with the industry standard. All of the fees charged must be list out clearly to avoid any unpleasant with customer as customer normally feel dissatisfied to hidden costs.

Last but not least, budget hotelier can improve the hotel policy and management more efficiently by focusing on most important factors which

had shown in this research result that leads to customer satisfaction. Also the result of this research can be used as guidance to people who tend to start up a budget hotel business.

5.3.2 Theoretical Implication

For theoretical perspective, this research provides important contributions to the present knowledge. There were numbers of research done on customer satisfaction of hotel industry previously but limited numbers of research done on customer satisfaction of budget hotel industry in Malaysia. Hence, this research is benefit to other people who have interest to study on similar industry.

We have applied and tested the established SERVQUAL model and add in price as an additional attribute. However, the result showed that empathy has no positive relationship with customer satisfaction. We believe that reliability, assurance, tangibles, empathy, responsiveness and price can provide better and richer insights than SERVQUAL model alone in affecting customer satisfaction toward budget hotels as price go to the customers' mind when they make a decision on selecting budget hotel.

5.4 Limitations of study

Present study had associated with several limitations. First and foremost, selected target group is limited. This study only targets on one specific age group which is young adults' respondents who are local tourists as well as patron the budget hotels in Malaysia. As a result, the finding caused by the bias and absolute levels of response will be ignore (Stephen, 1976).

The second limitation of the research is we collect the data of the research was done in Penang and Kuala Lumpur only. Hence, data collection was carrying out under limited resources available and places. It is insufficient information and is impotent to signify an accurate view of satisfaction on budget hotels in Malaysia.

In addition, sample size is considerably small. This study only focuses on 250 respondents. Therefore, it is insufficient to verify the findings and the results cannot generalize the local tourists' satisfaction of budget hotels in entire Malaysia. Besides that, it cannot response to larger population of budget hotels' customers in Malaysia.

5.5 Recommendations for future studies

In order to achieve the desire findings and absolute level of responses, future researchers should target on other age groups such as business users and foreign tourists. Business users and foreign tourist have high frequent to patronize the budget hotels. Researchers may have deeper understanding of their level of satisfaction towards budget hotels in Malaysia. Furthermore, researchers could examine the influencing factors to their customer satisfaction toward budget hotels among the different age groups.

Besides that, researchers should investigate in other states in Malaysia such as Melaka, Perak and Sabah. These states are tourist hotpots and attractions. We recommend that future researchers can discover and investigate these factors that can affect the customers' satisfactions towards budget hotels in different geographic areas. As a result, it can improve the representatives of the research's result and higher reliability.

Lastly, we recommend that future research should use a larger sample size in order to validate the findings in related research. It also could be obtain a better representative view of the related field.

5.6 Conclusion

In a conclusion, this research project aims to examine the factors that affecting customer satisfaction among local tourists toward budget hotels in Malaysia. The model implemented in this research was SERVQUAL model and another independent variable added is price to test the customer satisfaction among local tourists toward budget hotels in Malaysia. In this research, reliability, assurance, tangibles, responsiveness and price have positive relationship with customer satisfaction among local tourists toward budget hotels in Malaysia except for empathy. This study is beneficial for future researcher, entrepreneurs, service providers as well as government to regulate their business and operating strategies more precisely by providing basic understanding.

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APPENDICES

Appendix 3.1: Questionnaire

Factors that affecting customer satisfaction among local tourists toward budget hotels in Malaysia.

The purpose of this survey is concerning the factors: Factors that affecting customer satisfaction among local tourist towards budget hotel in Malaysia. Please answer all the questions to the best of your knowledge. There are no wrong responses to any of these statements. All responses are completely confidential. Thank you for your participation.

Instructions:

1. There are **two (2)** sections in this questionnaire. Please answer **ALL** questions in **ALL** sections.

2. Completion of this form will take you approximately 10 to 15 minutes.

Section A: Demographic profile

1. Gender
   - ☐ Male
   - ☐ Female

2. Age
   - ☐ 18 – 20years old
   - ☐ 21 – 24 years old
   - ☐ 25 – 28 years old
   - ☐ 29 – 32 years old
   - ☐ 33 – 36 years old

3. Occupation
   - ☐ Student
   - ☐ Employed
   - ☐ Self-employed
   - ☐ Unemployed

4. Monthly income (RM)
   - ☐ Less than 1,500
   - ☐ 1,500 – 3,000
   - ☐ 3,001 – 4,500
   - ☐ 4,501 – 6,000
   - ☐ More than 6,000

Section B: Factors that affecting customer satisfaction among local tourist towards budget hotel in Malaysia.

This section is seeking your opinion regarding to the factors that affecting customer satisfaction among local tourist towards budget hotel in Malaysia. Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5 Likert scale[(1= Strongly Disagree; 2=Disagree;3= Neutral; 4=Agree; 5=Strongly Agree)].

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV1	**Reliability**					
1a	The budget hotel is able to deliver the promised services.	1	2	3	4	5
1b	If you have a problem, the budget hotel employees are willing to solve it right away.	1	2	3	4	5
1c	The budget hotel employees are able to solve customers' complaints with suitable solution.	1	2	3	4	5
1d	The budget hotel employees can response to the complaint with confidence.	1	2	3	4	5
1e	I am able to check in the hotel on time.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV2	**Assurance**					
2a	I feel safe when I stay in the budget hotel.	1	2	3	4	5
2b	The employees have enough knowledge to answer my questions.	1	2	3	4	5

No	Questions					
2c	The budget hotel employees can perform the services without any mistake.	1	2	3	4	5
2d	The information provided by the budget hotel employees is accurate.	1	2	3	4	5
2e	I feel confident to the budget hotel employees.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV3	**Tangibles**					
3a	The budget hotel has up-to-date equipment. e.g: Internet connection, Air condition and water dispenser	1	2	3	4	5
3b	The appearance of the budget hotel employees is well-looking.	1	2	3	4	5
3c	The budget hotel is clean.	1	2	3	4	5
3d	The budget hotel is tidy.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV4	**Empathy**					
4a	The budget hotel employees provide me with individual attention.	1	2	3	4	5
4b	The budget hotel employees are good in listening customers' complaints and requests.	1	2	3	4	5

4c	The budget hotel employees are able to understand customers' feelings.	1	2	3	4	5
4d	The budget hotel employees are concern about customers' complaints and requests.	1	2	3	4	5
4e	I feel safe in my dealing with the budget hotel employees.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV5	**Responsiveness**					
5a	The budget hotel employees are able to answer my question quickly.	1	2	3	4	5
5b	The budget hotel employees can solve my problem or complaint in a short period of time.	1	2	3	4	5
5c	The budget hotel employees can perform the service quickly.	1	2	3	4	5
5d	The equipment in the budget hotel can be used without any delay.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
IV 6	**Price**					
6a	The price information of the budget hotel services is correct and complete.	1	2	3	4	5
6b	I know what I paid and what I get when I stayed in the budget hotel.	1	2	3	4	5
6c	The amount I paid is reasonable and worth for the staying experience.	1	2	3	4	5
6d	I have paid less than what I planned for staying in budget hotel.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
DV	**Customer Satisfaction**					
7a	I feel that my experience with this budget hotel has been enjoyable.	1	2	3	4	5
7b	I am satisfied so I will be revisit the budget hotel.	1	2	3	4	5
7c	I am satisfied so I will be loyal to the budget hotel.	1	2	3	4	5
7d	I am satisfied so I will be spreading positive Word Of Mouth.	1	2	3	4	5

Appendix 3.2: Reliability test result for Pilot Test

Simple Statistics						
Variable	N	Mean	Std Dev	Sum	Minimum	Maximum
avg1	30	3.65333	0.71426	109.60000	2.00000	4.60000
avg2	30	3.66667	0.58329	110.00000	2.20000	4.80000
avg3	30	3.90833	0.81071	117.25000	1.75000	5.00000
avg4	30	3.61333	0.81863	108.40000	1.60000	4.80000
avg5	30	3.59167	0.85974	107.75000	1.75000	4.75000
avg6	30	3.90833	0.81071	117.25000	1.75000	5.00000
avg7	30	3.78333	0.87527	113.50000	1.25000	4.75000

Cronbach Coefficient Alpha	
Variables	Alpha
Raw	0.901309
Standardized	0.891130

Cronbach Coefficient Alpha with Deleted Variable				
	Raw Variables		Standardized Variables	
Deleted Variable	Correlation with Total	Alpha	Correlation with Total	Alpha
avg1	0.838477	0.873526	0.830763	0.857489
avg2	0.148698	0.933420	0.146319	0.934467
avg3	0.800752	0.875778	0.783816	0.863380
avg4	0.644993	0.894248	0.642301	0.880572
avg5	0.828982	0.871887	0.821947	0.858602
avg6	0.800752	0.875778	0.783816	0.863380
avg7	0.874896	0.865715	0.878924	0.851347

Note: **avg1= Reliability, avg2= Assurance, avg3= Tangibles, avg4= Empathy, avg5= Responsiveness, avg6= Price, avg7= Customer satisfaction among local tourists

Appendix 4.1: Respondents' demographic profile

Gender

The FREQ Procedure

Gender	Frequency	Percent	Cumulative Frequency	Cumulative Percent
1	111	44.40	111	44.40
2	139	55.60	250	100.00

Note: **1= Male, 2= Female

Age

The FREQ Procedure

Age	Frequency	Percent	Cumulative Frequency	Cumulative Percent
1	29	11.60	29	11.60
2	117	46.80	146	58.40
3	41	16.40	187	74.80
4	41	16.40	228	91.20
5	22	8.80	250	100.00

Note: **1= 18-20 Y/O, 2= 21-24 Y/O, 3= 25-28 Y/O, 4= 29-32 Y/O, 5= 33-36 Y/O

Occupation

The FREQ Procedure

Occupation	Frequency	Percent	Cumulative Frequency	Cumulative Percent
1	66	26.40	66	26.40
2	139	55.60	205	82.00
3	41	16.40	246	98.40
4	4	1.60	250	100.00

Note: **1= Students, 2= Employed, 3= Self-employed, 4= Unemployed

Monthly Income

The FREQ Procedure

Income	Frequency	Percent	Cumulative Frequency	Cumulative Percent
1	70	28.00	70	28.00
2	64	25.60	134	53.60
3	72	28.80	206	82.40
4	20	8.00	226	90.40
5	24	9.60	250	100.00

Note: **1= <RM1,500, 2= RM1,500-3,000, 3= RM3,001-4,500, 4= RM4,501-6,000, 5= >RM6,000

Appendix 4.2: Central Tendencies Measurement of Constructs

Variable	Mean	Std Dev	Minimum	Maximum	N
1a	3.7080000	0.8910172	1.0000000	5.0000000	250
1b	3.7920000	0.7476442	2.0000000	5.0000000	250
1c	3.8400000	0.7699163	2.0000000	5.0000000	250
1d	3.7960000	0.8373701	1.0000000	5.0000000	250
1e	3.1720000	1.0558767	1.0000000	5.0000000	250
2a	3.7360000	0.9326216	1.0000000	5.0000000	250
2b	3.6800000	1.0028073	1.0000000	5.0000000	250
2c	3.7480000	0.9634360	1.0000000	5.0000000	250
2d	3.6840000	0.9940304	1.0000000	5.0000000	250
2e	3.1560000	1.0469232	1.0000000	5.0000000	250
3a	3.9880000	0.7630103	1.0000000	5.0000000	250
3b	3.9400000	0.8919542	1.0000000	5.0000000	250
3c	3.8360000	0.7611975	2.0000000	5.0000000	250
3d	3.7120000	0.8293414	1.0000000	5.0000000	250
4a	3.1720000	1.0558767	1.0000000	5.0000000	250
4b	3.7920000	0.8530220	1.0000000	5.0000000	250
4c	3.1920000	1.0806513	1.0000000	5.0000000	250
4d	3.6120000	0.8050144	2.0000000	5.0000000	250
4e	3.2000000	1.0679711	1.0000000	5.0000000	250
5a	3.6160000	0.8094224	2.0000000	5.0000000	250
5b	3.6560000	0.9322771	1.0000000	5.0000000	250
5c	3.6160000	0.8807080	1.0000000	5.0000000	250
5d	3.7520000	0.8931331	1.0000000	5.0000000	250
6a	3.8720000	0.8308896	1.0000000	5.0000000	250
6b	3.8720000	0.8960063	1.0000000	5.0000000	250
6c	3.7800000	0.7938013	2.0000000	5.0000000	250
6d	3.7080000	0.8635502	1.0000000	5.0000000	250
7a	3.9080000	0.7414411	2.0000000	5.0000000	250
7b	3.9120000	0.8963648	1.0000000	5.0000000	250
7c	3.7560000	0.7918156	1.0000000	5.0000000	250
7d	3.9080000	0.7521962	1.0000000	5.0000000	250

Note: **1= Reliability, 2= Assurance, 3= Tangibles, 4= Empathy, 5= Responsiveness, 6= Price, 7= Customer satisfaction among local tourists

Appendix 4.3: Reliability Test

Simple Statistics						
Variable	N	Mean	Std Dev	Sum	Minimum	Maximum
avg1	250	3.66160	0.60669	915.40000	1.80000	5.00000
avg2	250	3.60080	0.67746	900.20000	1.40000	5.00000
avg3	250	3.86900	0.65521	967.25000	1.75000	5.00000
avg4	250	3.39360	0.78967	848.40000	1.60000	5.00000
avg5	250	3.66000	0.73146	915.00000	1.75000	5.00000
avg6	250	3.80800	0.69141	952.00000	1.50000	5.00000
avg7	250	3.87100	0.65408	967.75000	1.25000	5.00000

Cronbach Coefficient Alpha	
Variables	Alpha
Raw	0.848806
Standardized	0.851569

Cronbach Coefficient Alpha with Deleted Variable				
	Raw Variables		Standardized Variables	
Deleted Variable	Correlation with Total	Alpha	Correlation with Total	Alpha
avg1	0.732841	0.812044	0.726141	0.813872
avg2	0.089962	0.896611	0.091383	0.900276
avg3	0.712959	0.812845	0.719499	0.814888
avg4	0.603906	0.829865	0.606406	0.831803
avg5	0.744094	0.805930	0.741679	0.811487
avg6	0.680919	0.816763	0.684009	0.820273
avg7	0.787248	0.801870	0.790555	0.803893

Note: **avg1= Reliability, avg2= Assurance, avg3= Tangibles, avg4= Empathy, avg5= Responsiveness, avg6= Price, avg7= Customer satisfaction among local tourists

Appendix 4.4: Pearson Correlation Analysis

	avg1	avg2	avg3	avg4	avg5	avg6	avg7
	Pearson Correlation Coefficients, N = 250						
	Prob > |r| under H0: Rho=0						
avg1	1.00000	0.00496	0.60585	0.68922	0.64648	0.52281	0.66630
		0.9378	<.0001	<.0001	<.0001	<.0001	<.0001
avg2	0.00496	1.00000	0.10383	-0.00419	0.07349	0.12637	0.14343
	0.9378		0.1014	0.9474	0.2470	0.0459	0.0233
avg3	0.60585	0.10383	1.00000	0.40743	0.58858	0.67064	0.73469
	<.0001	0.1014		<.0001	<.0001	<.0001	<.0001
avg4	0.68922	-0.00419	0.40743	1.00000	0.62371	0.42584	0.53957
	<.0001	0.9474	<.0001		<.0001	<.0001	<.0001
avg5	0.64648	0.07349	0.58858	0.62371	1.00000	0.60345	0.65714
	<.0001	0.2470	<.0001	<.0001		<.0001	<.0001
avg6	0.52281	0.12637	0.67064	0.42584	0.60345	1.00000	0.62936
	<.0001	0.0459	<.0001	<.0001	<.0001		<.0001
avg7	0.66630	0.14343	0.73469	0.53957	0.65714	0.62936	1.00000
	<.0001	0.0233	<.0001	<.0001	<.0001	<.0001	

Note: **avg1= Reliability, avg2= Assurance, avg3= Tangibles, avg4= Empathy, avg5= Responsiveness, avg6= Price, avg7= Customer satisfaction among local tourists

Appendix 4.5: Multiple Regression Analysis

Analysis of Variance					
Source	DF	Sum of Squares	Mean Square	F Value	Pr > F
Model	6	70.58844	11.76474	79.55	<.0001
Error	243	35.93881	0.14790		
Corrected Total	249	106.52725			

Root MSE	0.38457	R-Square	0.6626
Dependent Mean	3.87100	Adj R-Sq	0.6543
Coeff Var	9.93472		

Parameter Estimates								
Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > |t|	Standardized Estimate	Tolerance	Variance Inflation
Intercept	1	0.09574	0.20565	0.47	0.6420	0	.	0
avg1	1	0.21105	0.06510	3.24	0.0014	0.19576	0.38078	2.62617
avg2	1	0.07263	0.03646	1.99	0.0475	0.07522	0.97355	1.02717
avg3	1	0.39813	0.05598	7.11	<.0001	0.39882	0.44144	2.26533
avg4	1	0.07582	0.04547	1.67	0.0967	0.09153	0.46062	2.17098
avg5	1	0.14886	0.05113	2.91	0.0039	0.16647	0.42464	2.35491
avg6	1	0.10463	0.05095	2.05	0.0411	0.11061	0.47856	2.08959

Note: **avg1= Reliability, avg2= Assurance, avg3= Tangibles, avg4= Empathy, avg5= Responsiveness, avg6= Price