SATISFIED, OR DISSATISFIED? A COMPARATIVE STUDY OF HOTEL GUESTS WITH VARIOUS NATIONALITIES

Xun Xu, Department of Management, Operations, and Marketing, College of Business Administration, California State University, Stanislaus, 1 University Circle, Turlock, CA 95382, 209-667-3074, xxu@csustan.edu
Yibai Li, Operations and Information Management Department, Kania School of Management, University of Scranton, 800 Linden St, Scranton, PA 18510, 646-389-4224, yibai.li@scranton.edu

ABSTRACT

Understanding the determinants of customer satisfaction and dissatisfaction is the first step for hotels to enhance their services and improve their financial performance. We conduct a comparative study exploring satisfaction and dissatisfaction toward hotels among customers with various nationalities. Using a text mining approach, Latent Semantic Analysis, we analyze online customer reviews toward hotels, which show their word-of-mouth of their satisfaction and dissatisfaction. We find the determinants of customer satisfaction and dissatisfaction toward hotels are different and not equally important among the five culture groups of customers. The implications for helping hoteliers to improve the performance are provided.

INTRODUCTION

Through the use of highly developed information technology, online communication has led to increasingly significant changes in customer behavior [3]. Customers often post their reviews, recommendations, or opinions online (e.g., on the third- party booking websites) after their experience in hotels. These reviews act as an electronic word of mouth and play an important role in generating customer familiarity and trust and therefore enhancing the hotel's demand. Compared with traditional word of mouth, electronic word of mouth has a wider reach and faster speed of interaction, and therefore, it has a much greater effect in influencing demand [3]. Therefore, electronic word of mouth could be used as a marketing strategy for managers in the hospitality industry. Customers post positive reviews, negative reviews, or both online after their experience at hotels. Positive reviews show customer satisfaction toward his or her experience, while negative reviews show his or her dissatisfaction. Compared with customer ratings, reviews in words reflect customer satisfaction or dissatisfaction in a more detailed way because the reviews are more informative. Identifying the type and importance of determinants of customer satisfaction and dissatisfaction in customer reviews is the first step for hoteliers in utilizing electronic word of mouth to generate more demand. However, research comparing the type of determinants of customer satisfaction and dissatisfaction and comparing the importance of ranking determinants in leading customer satisfaction or dissatisfaction is rare.

Another phenomenon that may need to be given more attention today is that customers are becoming more diversified. Customers from different countries may have different perceptions toward hotels, which influences their online reviews [10]. Therefore, a better understanding of the most influential determinants that lead to satisfaction and dissatisfaction of hotels among customers with various nationalities will offer helpful information in understanding customer preferences and needs. Based on this, hotel managers could utilize different and corresponding strategies toward different segments of customers. However, few

existing literature compares the determinants of customer satisfaction or dissatisfaction toward hotels among various demographic groups of customers.

The objective of our study is to find out and compare the determinants of satisfaction and dissatisfaction toward hotels among customers with various nationalities. This paper contributes to the extant literature in the following ways. First, it is one of the first papers to compare the type of determinants of customer satisfaction and dissatisfaction toward hotels. Second, it is one of the first papers to compare the importance of each determinant in leading customer satisfaction and dissatisfaction toward hotels. Third, it is among the first papers to compare both the type and importance ranking of the determinants of customer satisfaction and dissatisfaction toward hotels among customers with various nationalities. Fourth, a text mining technique, Latent Semantic Analysis (LSA), is used to explore the determinants of customer satisfaction and dissatisfaction toward hotels in our study. It provides a more objective approach in analyzing contexts of reviews due to its mathematical characteristics compared with the elementary summary. The rest of our paper is organized as follows: section two reviews the related literature; section three develops the hypothesis; section four introduces our research method and discusses the analytical results; and conclusions and implications are provided in the last section.

LITERATURE REVIEW

Word of mouth can be defined as a volitional post-purchase communication by customers [5]. With the increased popularity of online booking, customer online reviews play a more important role in generating word-of-mouth effects. These online reviews, online recommendations, and opinions are referred to as electronic word of mouth (EWOM) [3]. Compared to the traditional word-of-mouth effect, the electronic word-of-mouth effect is more influential in generating a hotel's demand due to the widespread existence of Internet users and high- speed interaction [3].

Customer satisfaction toward hotels has been paid much attention by previous studies due to its important role in generating customer loyalty and willingness to pay. Also, a high level of customer satisfaction could increase a hotel's financial performance. Both operational issues and service criteria could lead to overall increased customer satisfaction toward hotels [6]. Compared with satisfaction, studies of customer dissatisfaction toward hotels are rare. However, a discussion about factors leading to customer dissatisfaction is important because they may be different than factors leading to customer satisfaction [6]. Dissatisfaction toward tourist services may be influenced by the emotions of anger and regret [13], and they may lead to negative consequences, such as complaint behavior, negative electronic word-of-mouth communication, and future behavior intention. Besides, unsatisfied customers tend to choose another competitor hotel by exiting the current hotel and tend to voice their dissatisfaction to release tension, obtain sympathy from others, and receive restitution. Insecurity, unmet expectation of product, and service quality [14] are among the factors arising from customer dissatisfaction toward hotels. Because negative electronic word of mouth created by dissatisfaction has a more influential impact on a hotel's demand than does positive electronic word of mouth [13], identifying the driving factors leading to dissatisfaction and a systematic view of dissatisfaction determinants seems necessary.

HYPOTHESE DEVELOPMENT

Customer satisfaction and dissatisfaction show the influence of a business's performance on customer feelings [2]. Customer satisfaction and dissatisfaction can be defined as an evaluation resulting from the cognitive processes corresponding with a comparison between customer experience and his or her initial reference base [2]. If the experience is beyond his or her initial reference base, satisfaction incurs;

otherwise, dissatisfaction incurs. [12] argue that during the customer's purchasing process, the absence of some factors of the purchasing process would generate dissatisfaction, but their presence is insufficient to create higher levels of satisfaction in that they are expected—but do not retain—an ability to generate high levels of satisfaction. Similarly, [6] claim that the absence of some key aspects of hotel services causes customer dissatisfaction and that these aspects are necessary for satisfaction to occur but are not sufficient by themselves to cause markedly high levels of satisfaction. Based on the preceding discussion, this study proposes the following proposition:

Hypothesis 1: The determinants of customer satisfaction and dissatisfaction toward hotels are different.

The importance of each determinant in directing customer satisfaction and dissatisfaction may be different. Multi-attribute theory emphasizes the evaluation distinctions of attributes for their importance in deciding customer satisfaction [1]. The model shows the importance of the determinants of customer perception towards an experience is different based on customers' own preference. The model can accommodate differing levels of importance attributed to hotel features that lead to customer satisfaction and dissatisfaction [6]. Based on the preceding discussion, we propose the following propositions:

Hypothesis 2-a (2-b): The determinants of customer satisfaction (dissatisfaction) are not equally important.

Culture plays an important role in customer perceptions of service quality and reactions to service failures [16]. According to [7] culture dimensions, people in various counties show different level of individualistic / collectivistic, masculine / feminine, uncertainty avoidance, power distance, time perspective, and indulgence / restraint. Culture influences customers' perceptions towards service dimensions. In [4] study, service classifications are developed on a perceptual space where the actual services are mapped for customers from different western and eastern counties. They find the dimensions and correlations for the classifications and services have some differences among customers with various nationalities. Based on the preceding discussion, we propose the following propositions:

Hypothesis 3-a (3-b): The type and importance ranking of determinants of customer satisfaction (dissatisfaction) are different among customers with various nationalities.

METHODOLOGY

We examine five cultural groups of customers, namely, customers from U.S., U.K., Mexico, Australia, and East Asia. Data are collected from a third-party hotel booking website and the reviews we collect are from a four star hotel in New York. Only the travelers who stayed in the hotel could post their reviews. A text mining technique, Latent Semantic Analysis (LSA), is used to explore the determinants of customer satisfaction and dissatisfaction toward hotels in our study. It provides a more objective approach in analyzing contexts of reviews due to its mathematical characteristics compared with the elementary summary. The use of LSA in this study involves three steps including preprocessing and term reduction, term frequency matrix transformation, and singular value decomposition. The interpretation of LSA results is similar to the interpretation of factor analysis. This paper associates each factor with its high-loading terms and documents to assist in factor interpretation. For each solution, we create a table containing all high-loading terms and documents sorted by absolute loadings. Then, the factors are labeled by examining the terms and documents (reviews) related to a particular factor, interpreting the underlying area, and determining an appropriate label. Thus, all of these terms and documents are interpreted and the factors are labeled with practical meaning according to their containing high-loading terms.

RESULTS AND DISCUSSIONS

We find three determinants of satisfaction and dissatisfaction towards hotel experience among each cultural group of customers. The results of determinants of satisfaction towards hotel experience among customers with various nationalities are shown in Table 1. The results of determinants of dissatisfaction towards hotel experience among customers with various nationalities are shown in Table 2. The factor number shows the importance of the determinants (e.g., Factor 1 is the most important.).

Table 1: Determinants of Satisfaction towards Hotel Experience among Customers with Various Nationalities

Customers' Nationality	Determinants of Customer Satisfaction		
	Factor 1	Factor 2	Factor 3
U.S.	Friendly and Helpful Staff	Convenient Location	Comfortable Bedroom
U.K.	Convenient Location	Friendly and Helpful Staff	Comfortable Bedroom
Mexico	Convenient Location	Valuable Price	Good Restaurant and Breakfast
Australia	Convenient Location	Comfortable Bedroom	Friendly and Helpful Staff
East Asia	Valuable Price	Comfortable Bedroom	Good Restaurant and Breakfast

Table 2: Determinants of Dissatisfaction towards Hotel Experience among Customers with Various Nationalities

Customers' Nationality	Determinants of Customer Dissatisfaction		
	Factor 1	Factor 2	Factor 3
U.S.	Front-desk Check-in Issue	Limited Customer Service	Parking Issue
U.K.	Noise	Bad-Maintained in-room Facility	Bathroom Issues
Mexico	Front-desk Check-in Issue	Poor Breakfast	Noise
Australia	Room Size	Rude Staff	Bad-maintained Building Facility
East Asia	Overcharging Issue	Poor Breakfast	Noise

Our results obtained from LSA support all of the three hypotheses. Three main conclusions can be drawn from the findings of the study. First, the determinants of customer satisfaction and dissatisfaction toward hotels are different. Comparatively, the determinants of customer satisfaction are more general and show the core of hotel services (e.g. staff, room quality, and location) and the determinants of customer dissatisfaction are more specific (e.g. noise, parking, and etc.). Second, the determinants of customer satisfaction and dissatisfaction in each customer cultural group are not equally important as shown by the different eigenvalues in LSA. Third, we find neither the type nor the importance rankings of customer satisfaction is the same among customer with various nationalities. Multiple factors are found from U.S., U.K., and Australian customer satisfactions (i.e. friendly and helpful staff, convenient location, and comfortable bedroom), showing Western Country customers' strong focus on friendliness of service providers and satisfaction of needs [15]. The antecedent for East Asia and Mexican customer satisfaction is the money value and food besides comfortable guest room and convenient location, which shows the price-sensitivity of East Asia and Mexican customers and the importance of food on East Asia and Mexican customer satisfaction. Convenient location and comfortable guest rooms are among the two most important determinants of hotel guests' satisfaction since they significantly influence four out of five customer culture groups' satisfaction.

For the determinants of customer dissatisfaction, we find among the five cultural groups of customers that both the types and the rankings are different. East Asian customers' biggest dissatisfaction comes from

overcharging issues, which verifies that Asian customers are price-sensitive [8]. Considering the most distinguishing cultural trait of Asian countries is collectivism, which has the powerful motivator of preserving harmony, they usually have less service expectations and express less negative emotion towards people in their reviews [9]. Comparatively, Western customers, who share the culture of individualism, emphasizes on the value of autonomy, competition, and independence and therefore express many factors of dissatisfaction. Front-desk issues, limited customer service, and parking incur American customer dissatisfaction. This shows American customers' strong concern about front desk, professionalism of hotel operations and service [15]. Noise, bad-maintained in-room facility, and bathroom issues are among the most significant dissatisfaction factors of U.K. customers. This shows U.K customers care more about hotel facilities than service. Room size, rude staff, and bad-maintained building facility are the three determinants of Australia customer dissatisfaction, showing both facility conditions, and communication and interactions with service provider are essential for Australian who has an individualism and low power distance culture [11]. Latin customers are most dissatisfied with staff check-in issues and breakfast. This is partially because Latin culture has a polychromic approach to time, which means they are involved in doing many things simultaneously. Also, Lain culture places high importance on eating and entertaining [9].

CONCLUSIONS AND IMPLICATIONS

Through Latent Semantic Analysis of customer online reviews toward hotels, we find the determinants of customer satisfaction and dissatisfaction toward hotels are different and not equally important among the five customer culture groups: U.S., U.K., Mexico, Australia, and East Asia. This study contributes to the body of knowledge concerning cross-cultural differences between the satisfaction and dissatisfaction of international tourist markets in hotel industry. Our study shows that on the one hand, hotel managers should improve their operations performance, such as staff performance and room quality, which could generate greater customer satisfaction. For future hotels, location and accessibility need to be considered because they are important factors leading to customer satisfaction. On the other hand, special details of services (e.g. improving the parking process) could not be ignored. Although improving upon these areas may not lead to customer satisfaction directly, the absence of these services may lead to customer dissatisfaction, which could harm a hotel's reputation and a customer's trust. In addition, due to the fact found in our study that the types and importance rankings of the determinants of satisfaction and dissatisfaction are different among various customer cultural groups, hoteliers may provide very accurate criteria for targeting and positioning towards market segments. They should care much about the cultural backgrounds of international tourists to meet the special expectation and requirements of each cultural group of customers. In this way, there would be an improved efficiency for hotels to enhance customer satisfaction and handle complaints. Both the online reviews and customer ratings would generate positive EWOM effects, which would benefit a hotel's financial performance.

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