UNIVERSITI TEKNOLOGI MARA

FACTORS AFFECTING GUEST'S CHOICE OF BUDGET HOTELS

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ABSTRACT

"Budget Hotel" is described as a variety of accommodations at proportionately lower rates compared to the industry norms. External uncertainties like global geopolitics and economy, coupled with competition from other hospitality service providers are found to undesirably affecting the hotel industry, putting the budget hotel operators in trying time. The objective of this study is to identify crucial factors that influence customers' hotel selection during self-sponsored travel, specifically among working adults. The aim is to investigate the influential factors in the decision-making process of choosing hotel accommodation, based on particular attributes, namely *Staff and Service Quality; General Amenities; Location; Safety and Security;* and *Value for Money.* Samples for this study consisted of working adults who had travelled within the last 6 months using their own expenses. 250 sets of questionnaire forms were distributed within the District of Kemaman, Terengganu, Malaysia, from 18 September 2019 to 18 October 2019. The questionnaire was adopted from a study conducted by Coosrichom (2011) from Silpakorn University for her Master's thesis, which focused on Lanta Yai Island, Krabi, Thailand. Data for this study were analysed using SPSS and Microsoft Excel Statistical Pack. This study found that *Value for Money* is the most significant factor in selecting hotel accommodation, followed by *Safety and Security*, *Location, Staff and Service Quality,* and *General Amenities,* respectively. Since *Value for Money* is the most influential factor in determining customers' selection for hotel accommodation, it should be adequately considered by hoteliers for developing their marketing strategies. Other factors also should not be taken lightly, as hoteliers should maintain or improve the standard of services to remain competitive in the hospitality industry. This study also explored the customers' tendency in repeating their stay at the same hotel, and their potential recommendation of the hotel to others. As pointed out by this study, the customers' attitudes and the significant factors that influence their hotel selection can be a useful guideline for hoteliers to manage and improve the business of providing accommodation services.

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