



The role of trip purpose and hotel star rating on guests' satisfaction and WOM

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Abstract

Purpose

The study aims to understand how guests' trip purpose and hotel star rating influence the effects of the value for money perceived at hotels and service quality on guest satisfaction and WOM recommendation.

Design/ Methodology/ Approach

Using TripAdvisor, 25 Singapore hotels were randomly selected for the study, which yielded hotel reviews from 2040 respondents. Hierarchical and logistic regression analysis was conducted to investigate the relationships proposed in the study.

Findings

Results indicate significant differences between leisure and business guests' perception of value for money and service quality at hotels with various star ratings. While perceived value for money and service quality were found as significant predictors for both leisure and business guests' satisfaction and WOM, the effects were moderated by the hotel star rating. Despite the significant effect of hotel star rating on guest satisfaction, the study found no significant relationships between hotel star rating and WOM for leisure and business guests.

Practical Implications

The findings suggest that managers in the hotel industry should understand the purpose of guests' trip and offer services based on their expectations. As the star rating of a hotel creates certain expectations for both leisure and business guests, providing an appropriate level of services and assuring value for money in accordance with the hotel rating, contributes to guest satisfaction and WOM recommendation.

Originality/value

This study contributes to the hospitality literature by investigating how hotel star rating moderates the relationship of value for money and service quality on leisure and business guests' satisfaction and WOM recommendation.

Key Words: Value for money, service quality, guest satisfaction, WOM recommendation, trip purpose, hotel star rating.

Paper type: Research paper

1. Introduction

Understanding consumers is critical to the success of hospitality organisations. Specifically, within the hotel sector, it is advised that all decisions about hotel management should begin with an understanding of guests to determine factors that produce highly satisfied guests (Lu *et al.*, 2015). Maroco and Maroco (2013) emphasize the importance of promoting customer satisfaction and retention to ensure an organisation's long-term financial stability. Oh and Jeong (2010) highlight guest satisfaction to be the basis of competition amongst different organisations within the lodging industry. According to Pizam *et al.* (2016) customer satisfaction, as the cheapest means of promotion, is necessary for corporate survival.

In their extensive review of published research in the field of hospitality, Line and Runyan (2012) conclude issues pertaining to guest satisfaction to be the most widely pursued, with significant impacts on the organisation's performance and long-term survival. Nevertheless, they emphasize the requirement of future studies on customer satisfaction to identify potential moderators in the relationship. Milfelner *et al.* (2011) identify a gap in the fields of tourism and hospitality and specifically in the hotel sector in relation to the role of perceived value for money as an antecedent to guests' satisfaction and loyalty.

Moreover, Olorunniwo *et al.* (2006) emphasize the need to focus on understanding how service quality perceived by customers translate into satisfaction and behavioural outcome. Consequently, the present study aims at analyzing the impact of quality of services offered at hotels and the value for money perceived by hotel guests in achieving satisfaction and behavioral outcome.

Although the literature highlights the importance of perceiving quality services in hotels and realizing value for money with accommodation, the effects of these factors are not necessarily similar for all groups of consumers in perceiving satisfaction (Rajaguru, 2016).

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3 Arguably in the hotel sector, the effect is more likely to differ based on the guests' trip purpose
4 and the type of accommodation (hotel star rating). This study has chosen the hotel sector in
5 Singapore as the research context.
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8 As guests travelling with different purposes don't have common expectations towards
9 hotels (Radder and Wang, 2006), investigating the roles of perceived service quality and value
10 for money on business and leisure guests' satisfaction is paramount. Radder and Wang (2006)
11 urge future research to compare business and leisure travellers, which could assist hotel
12 managers in satisfying their guests' needs. Similarly, guests' expectation of hotel services often
13 varies based on hotel star rating, which influences the actual service experienced (Tefera and
14 Govender, 2016), thus affecting their overall satisfaction and word of mouth (WOM)
15 recommendations. The difference in service quality and value for money perceived by
16 consumers' in low cost and full-service airlines and their varied effects on customer satisfaction
17 (Rajaguru, 2016), inspired the current study. Hence, the present study aims to investigate how
18 leisure and business travellers' perceive the value for money and quality of services offered at
19 hotels and its influence on their satisfaction and WOM in hotels with different star ratings. The
20 study proposes a conceptual framework that consists of the following constructs: perceived
21 service quality, value for money, guest satisfaction, WOM - as key components of behavioural
22 outcome - as well as the moderating variables of hotel star rating and guests' trip purpose.
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34 The research used data drawn from guests' reviews on TripAdvisor.com in relation to
35 hotels. Schuckert *et al.* (2015) highlight the significant role played by the internet and online
36 review platforms in influencing both individual buying behaviour and the supply side in the
37 tourism and hospitality industries. Online reviews on value for money perceived at hotel, service
38 quality encountered and satisfaction achieved by guests, increase the visibility of a hotel and
39 contribute to the consumer decision-making process. Tourism and hospitality organisations use
40 online reviews from customers to evaluate and fine-tune their products and services (Phillips *et*
41 *al.*, 2016; Schuckert *et al.*, 2015; Ye *et al.*, 2011).
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48 The next section presents a review of literature on key constructs and hypotheses
49 development. Then the research methodology and data analysis are presented, followed by the
50 findings. The study concludes by discussing the theoretical and managerial implications as well
51 as limitations and future research directions.
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2. Literature review

2.1. Perceived value for money

Zeithaml (1988) defines perceived value as “consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given” (p. 14). Others have viewed perceived value in monetary perspectives and explained value for money as the benefits perceived in a product or service compared to the sacrifices made by disbursing the price (Bolton and Drew, 1991; Milfelner *et al.*, 2011). Existing literature discusses perceived value in relation to two dimensions of consumer behaviour: utilitarian where the value is quality perceived for the money paid, and psychological where emotional features affect the perception of value for money (Gallarza and Saura, 2006; Rajaguru, 2016). Most empirical studies examining value for money within the tourism and hospitality field have mainly adopted a utilitarian perspective and simple single-item value scales (Gallarza and Saura, 2006; Kashyap and Bojanic, 2000; Oh, 1999). Chen and Chen (2010) confirm the use of a self-reported unidimensional measure to analyze perceived value for money. As such, a single-item five-point scale was used to assess perceived value for money in this study.

In accordance with the utilitarian dimension, value for money is argued to be driven mainly by price and product/service offerings. A number of studies consider price to have a stronger effect on value perception (Rajaguru, 2016; Varki and Colgate, 2001), while others argue for quality as the leading determinant of perceived value (Cronin *et al.*, 2000; Fornell *et al.*, 1996; Jeong and Jeon, 2008; Milfelner *et al.*, 2011). In either case, perceived value for money contributes to customers' overall satisfaction in different industry contexts (Clemes *et al.*, 2010; Cronin *et al.*, 2000; Gallarza and Saura, 2006; Milfelner *et al.*, 2011; Oh, 1999; Oh and Jeong, 2010; Varki and Colgate, 2001). This is in line with the disconfirmatory paradigm which argues that satisfaction is the difference between expected and perceived value (Milfelner *et al.*, 2011).

Perceived value for money also influences consumers' behavioural outcome (Cronin *et al.*, 2000; Gallarza and Saura, 2006; Milfelner *et al.*, 2011), which in turn could be considered as a predictor of consumers' actual behaviour towards products and services (Ajzen and Fishbein, 1980). WOM, purchase intentions, loyalty, and complaining behaviour are the measures of behavioural outcome (Alexandris *et al.*, 2002; Olorunniwo *et al.*, 2006). It is argued that in search of objective opinions, consumers tend to rely on information provided by fellow

customers rather than business entities, as peer customers are more independent and trustworthy (Haywood, 1989; Schuckert *et al.*, 2015). Therefore, positive WOM is regarded integral to the overall performance of service organisations (Alexandris *et al.*, 2002; Luo and Qu, 2016; Swanson and Hsu, 2011) and thus considered the main component of behavioural outcome in this study.

Within the field of hospitality, perceived value for money is considered an important issue, with previous research confirming perceived value for money as an immediate antecedent to customer satisfaction as well as behavioural outcome (Clemes *et al.*, 2010; Getty and Thompson, 1995; Milfelner and Korda, 2011; Milfelner *et al.*, 2011; Oh, 1999). Line and Runyan (2012) assert that while the perceived value for money has been widely studied in the restaurant sector, its application in other hospitality sectors should be further explored.

Based on the above discussion, we postulate the following hypotheses:

H1: Perceived value for money positively influences (a) leisure guests' and (b) business guests' satisfaction.

H2: Perceived value for money positively influences (a) leisure guests' and (b) business guests' WOM recommendation.

2.2. Service quality

Service quality is viewed as an important predictor of success in the hospitality industry. Measured by how well the service at a hotel matches guests' expectations (Parasuraman *et al.*, 1985; Ye *et al.*, 2014), service quality requires continuous feedback from customers (Benitez *et al.*, 2007; Lu *et al.*, 2015; Mohsin and Lockyer, 2010). While the literature suggests different methods to evaluate a hotel's service quality (Lu *et al.*, 2015), a single-item five-point scale was used in this study.

Although considered as distinct concepts, service quality and customer satisfaction are closely related (Holjevac *et al.*, 2009; Torres, 2014). Traditionally, researchers have argued that perception of service quality is built over time from incidents of satisfaction (Bolton and Drew, 1991; Parasuraman *et al.*, 1985). However, they have more recently favoured the view of customer satisfaction as a consequence of service quality (Brady *et al.*, 2002; Carrillat *et al.*, 2009; Clemes *et al.*, 2010; Cronin *et al.*, 2000; Mason and Nassivera, 2013; Torres, 2014). Arguably, the smaller the gap between customers' perceptions and expectations, the better the

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3 quality of services and thus the higher customer satisfaction (Godolja and Spaho, 2014). Prior
4 travel and tourism studies have identified the significance of service quality in determining
5 customer satisfaction in the contexts of restaurants (Lai, 2015; Namkung and Jang, 2007),
6 airlines (Baker 2013; Rajaguru, 2016), destinations (Tian-Cole and Crompton, 2003; Zabkar *et*
7 *al.*, 2010) and events/festivals (Mason and Nassivera, 2013; Son and Lee, 2011). Similarly,
8 within the hotel management studies, many empirical studies have investigated service quality as
9 a precedent to guest satisfaction (Choi and Chu, 2001; Clemes *et al.*, 2010; Maroco and Maroco,
10 2013).

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12 Furthermore, Zeithaml *et al.* (1996) argue that high perceptions of service quality results
13 in a favourable behavioural outcome. Cronin *et al.* (2000) reported both a direct and indirect
14 effect of service quality on behavioural outcome in various industries. Similarly, within the
15 hospitality industry, studies have found service quality to positively affect WOM (Alexandris *et*
16 *al.*, 2002; Ladhari, 2009; Olorunniwo *et al.*, 2006; Su *et al.*, 2016). Therefore, considering the
17 important roles of service quality perceived by consumers, and its potential effect on satisfaction
18 and WOM, we postulate the following hypotheses:

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20 ***H3: Perceived service quality positively influences (a) leisure guests' and (b) business guests'***
21 ***satisfaction.***

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23 ***H4: Perceived service quality positively influences (a) leisure guests' and (b) business guests'***
24 ***WOM recommendation.***

25 26 27 28 29 30 31 32 33 34 35 36 37 38 **2.3. Customer satisfaction and WOM**

39 According to Pizam *et al.* (2016), customer satisfaction, as a psychological concept, is the
40 positive feeling resulting from gaining what was expected from a product or service. Within the
41 hospitality and tourism research context, the expectancy-disconfirmation theory is the most
42 frequently used concept to explain the relationship between service quality, customer value and
43 customer satisfaction (Oh and Kim, 2017). Based on this theory, confirmation occurs when the
44 outcome of purchasing and using a product or service match expectations. Differences between
45 the expectations and the outcome cause disconfirmation. Negative disconfirmation arises when
46 the product offered performs less than what was expected and positive disconfirmation occurs
47 when it performs better than what was expected. Customers are satisfied when there is
48 confirmation or positive disconfirmation of their expectations (Oliver, 1980; Pizam *et al.*, 2016).
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Consistent with prior studies (e.g. Choi and Chu, 2000; Luo and Qu, 2016; Mey *et al.*, 2006), a single-item five-point scale was used in the present study to assess satisfaction.

Previous research indicates a direct and significant relationship between customer satisfaction and behavioural outcome, specifically WOM (Kumar *et al.*, 2013; Wirtz and Chew, 2002). Comparably, within the hospitality sector, it is argued that satisfied guests are likely to share information about their experiences and make positive recommendations (Clemes *et al.*, 2010; Ladhari, 2009; Luo and Qu, 2016; Pizam *et al.*, 2016; Swanson and Hsu, 2011). Therefore, we hypothesize that:

H5: Guest satisfaction positively influences (a) leisure guests' and (b) business guests' WOM recommendation.

2.4. Roles of hotel star rating and guests' trip purpose

The role of hotel star rating and guests' trip purpose on the relationship between value for money, service quality, satisfaction and WOM was investigated in this study:

Insert Figure 1

2.4.1. Hotel star rating as a moderator

Hotel rating system is jointly defined by the World Tourism Organisation (UNWTO) and the International Hotel and Restaurant Association (IHRA) as the classes, categories or grades of different accommodation establishments based on their common physical and service characteristics.

Star rating is the most universally recognized hotel rating system (Narangajavana and Hu, 2008). While Ye *et al.* (2014) argue that hotel star rating could influence guests' perception of service quality, Fernandez and Bedia (2004) conclude that higher star rating does not necessarily indicate better service quality. Nevertheless, it is agreed that four and five star hotels are more luxurious and expensive than lower star hotels in the same location (Guillet and Law 2010; Ye *et al.*, 2014). According to Whitelaw and Jago (2009), both tangible (e.g. value for money) and intangible (service quality) aspects need to be incorporated in star rating systems in order to accommodate guests' expectations as well as meet regulatory requirements.

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3 Previous research in the hotel sector has focused either on a particular category of hotels
4 (Mohsin and Lockyer, 2010; Rahimi and Kozak, 2016; Ren *et al.*, 2016) or a comparison
5 between different star ratings (Jeong and Jeon, 2008; Oh and Jeong, 2010; Ye *et al.*, 2014). In
6 their study on the effect of hotel accommodation price on the guests' perceived value and service
7 quality, Ye *et al.* (2014), found the price to have a significant effect on perceived value in higher
8 ranked (star) hotels.
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11 According to Oh and Jeong (2010), four performance variables - room, service, price-
12 value, and cleanliness- predicted guests' overall satisfaction across different star ratings. Thus, as
13 the star rating increases, so does guests expectations, and correspondingly their satisfaction.
14 Therefore, we hypothesize that:

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16 ***H6: Hotel star rating positively influences (a) leisure guests' and (b) business guests'***
17 ***satisfaction.***

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19 ***H7: Hotel star rating positively influences (a) leisure guests' and (b) business guests' WOM***
20 ***recommendation.***

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22 ***H8: Hotel star rating moderates the relationship between value for money and satisfaction of***
23 ***(a) leisure guests and (b) business guests.***

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25 ***H9: Hotel star rating moderates the relationship between service quality and customer***
26 ***satisfaction of (a) leisure guests and (b) business guests.***

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28 ***H10: Hotel star rating moderates the relationship between value for money and WOM***
29 ***recommendation of (a) leisure guests and (b) business guests.***

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31 ***H11: Hotel star rating moderates the relationship between service quality and WOM***
32 ***recommendation of (a) leisure guests and (b) business guests.***

33 34 35 **2.4.2. Trip Purpose**

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37 Hotels generally meet the needs of guests with different travel purposes. Oh and Kim (2017)
38 argue that only a limited number of hospitality and tourism researches have studied customer
39 satisfaction from the perspective of trip purpose. Liu *et al.* (2013) and Radder and Wang (2006)
40 maintain that leisure and business guests' expectations of hotel attributes are more likely to
41 differ. Ye *et al.* (2014) suggest that trip purpose moderates the impact of price on quality
42 perception. According to them, price does not play a major role for leisure guests but does so for
43 business guests. Also, leisure guests do not directly associate perceived quality to price.
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3 In their study of leisure and business travellers' choice of hotels, Chu and Choi (2000)
4 found that the preference of these two groups did not differ much in relation to quality and value.
5 In examining the effect of different attributes on customer loyalty in hotels, Ramanathan and
6 Ramanathan (2011) found value for money as a dissatisfier factor for leisure guests and a critical
7 factor for business guests.
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11 While previous research recognizes the combined interaction between work-related and
12 touristic-oriented activities (Uriely, 2001; Unger *et al.*, 2016), the focus of this study is on
13 guests' principal travel purpose as either business or leisure.
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18 **3. Research methodology**

19 The data used in this study was collected from online hotel reviews on TripAdvisor. Singapore
20 was chosen as the research context as it is a popular hub amongst Asian and non-Asian travellers
21 and caters for both business and leisure travellers (Fontaine, 1999; Lohmann *et al.*, 2009). In
22 2014, the hotel industry in Singapore experienced a much higher average occupancy rate than the
23 Asia Pacific region (Hargreaves, 2015). All the Singaporean hotels in the dataset were initially
24 categorized into three groups of five, four, three and below three star hotels. Subsequently, hotels
25 in each category were alphabetically arranged and allocated a number. From each category 10
26 hotels were randomly selected. Hotels which did not represent both leisure and business
27 travellers were excluded from further analysis, ultimately leaving 25 hotels, representing nine,
28 eight and eight hotels from each category of five, four, three and below three star ratings. All
29 those participating in the online review during the six-month study period, starting from
30 February 2015, were considered for the study. Of the 2040 respondents, 620, 980 and 440 were
31 from five, four, three and below three star hotels respectively. Moreover, 1221 of the respondents
32 were leisure and 819 were business travellers.
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44 The data provided information about guests' trip type, i.e., business trip, trip as couples, trip
45 with family, trip with friends, and solo trip. For the purpose of this study, those respondents
46 choosing the last four trip types were categorized as leisure travellers. As respondents were only
47 allowed to select one of the different trip types, the same respondents did not appear in both
48 categories of business and leisure.
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53 **3.1. Data analysis**

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3 Hierarchical multiple regression analysis was employed to assess the interaction effect of hotel
4 start rating with the perceived service quality and value for money in influencing guests'
5 satisfaction (Regression 1). Logistic regression analysis was employed to assess the similar
6 interaction effect on WOM (Regression 2). In model 1, for both multiple regression and logistics
7 regression analyses, the direct effects of value for money and service quality on guest
8 satisfaction were tested. In Model 2 and Model 3, for both multiple regression and logistics
9 regression analyses, the interaction effect of hotel star rating was analyzed. SPSS software was
10 used to conduct the analysis and to test the relationships proposed in the study.

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17 Hotel-stay frequency and country of origin were included as control variables. Frequent
18 guests are considered more knowledgeable about the quality of services offered at the hotels
19 (Min *et al.*, 2002) which influence their satisfaction. According to Zemke *et al.* (2015), hotel
20 guests' perception of cleanliness and its effect on willingness to pay, differ based on their hotel-
21 stay frequency. Similarly, the effect of hotel facilities and service quality on satisfaction varies
22 based on guests' country of origin and culture (Pingitore *et al.*, 2013). To get further insights,
23 separate ad-hoc analyses were performed to test the relationships between the key explanatory
24 variables based on leisure and business guests' hotel-stay frequency as well as their country of
25 origin, categorized into Asian and non-Asian.

3.2 Non-response bias

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35 Early and late respondents' responses were compared on key measurement instruments
36 (Armstrong and Overton, 1977; Churchill, 1979) to assure non-response bias. In this study, late
37 respondents were defined as those who provided responses in the review website two weeks after
38 their stay period. Of the total number of respondents, 68% (n =1387) and 32% (n=653) were
39 considered as early and late respondents, respectively. The results assured no significant
40 differences between early and late respondents on key variables used in the study.

3.3. Validity

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48 The variables of value for money, service quality and guest satisfaction were measured using
49 five-point scale, ranging between 1 and 5 (1 = Low; 5 = High). WOM was measured as a
50 dichotomous variable (0 = not recommend; 1= recommend). The study indicated
51 multicollinearity not being an issue, as the Variance Inflation Factor (VIF) among the variables
52 used in the regression model were below 3.0.

3.4. Reliability

As data for the study was collected from an online review website, the reliability of the responses was of concern. Thus, the study compared guest responses in relation to key variables for the same hotels from two review websites; TripAdvisor and Agoda. No significant differences were found between responses from these two review websites on key variables value for money ($t = .32, p \geq .05$) and service quality ($t = .25, p \geq .05$).

To assure respondent reliability, the key study variables were compared between frequent and non-frequent respondents. Frequent respondents were identified as those who had posted more than 10 reviews, and non-frequent respondents were those with 10 or fewer hotel reviews on TripAdvisor in the previous three years. TripAdvisor also uses the 'quantity' of reviews posted as the basis for distinguishing different reviewer statuses, for instance, those with more than 11 posted reviews are rewarded with a 'contributor' badge (Schuckert *et al.*, 2016). The study found no significant differences between frequent and non-frequent respondents on the key study variables value for money ($t = .57, p \geq .05$), service quality ($t = .32, p \geq .05$) and guest satisfaction ($t = .24, p \geq .05$).

Similarly, the study examined the respondents' consistency in responding to key variables by comparing their responses to the variables as well as their detailed comments on the open-ended question. Where mismatches were identified, the respondents were considered disqualified and removed from further analysis. The study removed 56 respondents equivalent to 2.7% of the total responses.

4. Findings and discussion

The direct effect and interaction effects of perceived value for money, service quality and hotel star rating on guest satisfaction are displayed in Table I under Models 1, 2 and 3. Model 1 indicates that the direct effect of value for money (Leisure; $\beta = 0.502, p < 0.001$; Business: $\beta = 0.390, p < 0.001$) and service quality (Leisure; $\beta = 0.398, p < 0.001$; Business: $\beta = 0.472, p < 0.001$) on guest satisfaction for both leisure and business guests was positive and significant, thus supporting Hypotheses H1 (a), H1 (b), H3 (a) and H3 (b) (See Table I). The influence of value for money on guests' satisfaction was significantly higher for guests travelling for leisure purposes than those travelling for business purposes. In contrast, the effect of service quality on hotel guest satisfaction was higher for business guests compared to leisure guests. These results

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3 indicate that leisure guests put more emphasis on value for money while business guests focus
4 more on service quality. The above-mentioned difference could be explained by the fact that
5 business travellers' stay at a hotel is normally paid for by their employers and thus quality, as
6 opposed to value for money, would play a more significant role in their satisfaction. Value for
7 money together with service quality explained 79% and 70% of the variance of guest satisfaction
8 for leisure and business guests, respectively.
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19 In Model 2, hotel star rating was included as an endogenous variable. The effect of hotel
20 star rating on guest satisfaction was found to be positive and significant for both leisure guests
21 ($\beta=.185$, $p<0.001$) and business guests ($\beta=.125$, $p<0.05$), supporting hypotheses H6 (a) and H6
22 (b). As hotel bookings for business guests are normally made through corporate travel agents,
23 their involvement in the choice of hotel star rating is significantly less, thus justifying a lower
24 coefficient for such guests compared to leisure guests.
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29 In Model 3, the interaction effect of hotel star rating on the relationship between value for
30 money, service quality and guest satisfaction was investigated for both leisure and business
31 guests. While the interaction effect of hotel star rating and value for money on guest satisfaction
32 was significant for leisure guests ($\beta=-.095$, $p<0.001$); supporting Hypothesis H8 (a), it was not
33 significant for business guests ($\beta=-.172$, ns). The negative and significant coefficient indicates
34 that the value for money perceived in higher star hotels negatively influences leisure guests'
35 satisfaction; indicating that such guests get less satisfied with five star hotels compared to four
36 and three and below three star hotels on the basis of value for money. Despite their higher star
37 rating, leisure guests staying in such hotels still compare the received benefits with the sacrifices
38 made, e.g. price paid, when judging the value of the hotel offering (Bolton and Drew, 1991;
39 Milfelner *et al.*, 2011). Similarly, previous research confirms the impact of price on guests'
40 perception of value in higher star rating hotels (Oh and Jeong, 2010; Ye *et al.*, 2014). While the
41 interaction effect of hotel star rating and service quality on guest satisfaction was found to be
42 positive and significant for leisure guests ($\beta=.061$, $p<0.05$), it was negative and significant for
43 business guests ($\beta=-.030$, $p<0.05$), thus supporting H9 (a) and H9 (b). The negative coefficient
44 indicates that the service quality perceived from higher star rating hotels negatively influences
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business guests' satisfaction, signifying that such guests get less satisfied with five star hotels. This finding supports previous observations by Fernandez and Bedia (2004), and Oh and Jeong (2010) that guests' expectations generally increase with an increase in the hotel star ratings. Thus, it could be concluded that the effect differs based on the star rating of hotels and across the two different types of guests.

Supporting the moderating effect, Model 3 explained approximately 87% and 72% of the variance on leisure and business guests' satisfaction, respectively, which is significantly higher compared to the variances explained in Models 1 and 2.

Insert Table II

Table II demonstrates the direct effect and interaction effects of the perceived service quality, value for money, and hotel star rating on guests' WOM. Model 1 in Table II indicates that the influence of value for money ($\beta=2.04$, $p<0.001$) and service quality ($\beta=1.16$, $p<0.001$) on leisure guests' WOM was positive and significant, thus supporting hypotheses H2 (a) and H4 (a). Similarly, the perceived value for money ($\beta=1.57$, $p<0.001$) and service quality ($\beta=0.99$, $p<0.001$) had a positive and significant effect on business guests' WOM, supporting Hypothesis H2 (b) and H4 (b). The odds ratio indicates that the influence of value for money and service quality on WOM was higher for leisure guests than business guests. This result is supported by the study's previous finding that leisure guests, in general, attach more importance to perceived value for money in evaluating their satisfaction. It is also consistent with previous observations by Ramanathan and Ramanathan (2011) that value for money is a dissatisfier factor for leisure guests.

Including hotel star rating as an additional endogenous factor in the regression analysis (Model 2) resulted in no significant effect of hotel star rating on guests' WOM. Therefore, it can be concluded that despite the significant effect of hotel star rating on guest satisfaction, there are no significant relationships between hotel star rating and WOM for leisure and business guests. Hypotheses H7 (a) and H7 (b) are, thus, not supported. Arguably, guests' intention to recommend a hotel is not based on the hotel star rating but the intrinsic values received from the hotel, including monetary benefit and perceived quality. Hence, the study assessed the interaction effect of hotel star rating across the explanatory variables in Model 3 (value for

money * hotel star rating, service quality * hotel star rating). The interaction effect of hotel star rating with service quality on WOM for leisure guests indicated a significant relationship ($\beta=.84$, $p<0.05$), supporting Hypothesis H11 (a). The results indicate that leisure guests will recommend the hotel to fellow travellers only if they perceive service quality to be equivalent to the initial expectation they had based on the hotel star rating. The interaction effect of hotel star rating with value for money for business guests demonstrated no significant effect on WOM. Similarly, the interaction effect of hotel star rating with service quality on WOM was not significant. Thus, Hypotheses H10 (b) and H11 (b) are not supported. The significant business guests' perceived value for money and service quality effect on WOM in Model 1 and the nonsignificant interaction effect in Model 3 suggest business guests' hesitance in recommending hotels to others on the grounds of hotel star rating.

In Model 4, customer satisfaction was included as an endogenous variable and the influence of guest satisfaction on WOM was analyzed. As expected, the results showed a positive and significant effect of both leisure ($\beta=1.98$, $p<0.001$) and business guests' ($\beta=1.29$, $p<0.001$) satisfaction on WOM; supporting Hypotheses H5 (a) and H5 (b).

Following the regression results, the interaction effects of hotel star rating with value for money and service quality on guest satisfaction were plotted using Pick-a-Point approach. As suggested by Cohen and Cohen (1983), three simple regression lines of the regression of value for money (X_1)/ service quality (X_2) on guest satisfaction (Y), as a function of hotel star rating; Low (Z_L), Medium (Z_M) and High (Z_H) were developed. Values of Z were chosen to be one standard deviation (SD) below the mean; at the mean; and above the mean. Using the Z value, simple regression equations were constructed for leisure and business guests.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 X_1 Z$$

$$Y = \beta_0 + \beta_1 X_2 + \beta_2 Z + \beta_3 X_2 Z$$

 Insert Figures 2, 3, 4 and 5

The ad-hoc analysis investigating the relationships proposed in the study based on business and leisure guests' hotel-stay frequency indicated significant differences between frequent and non-frequent respondents. Interestingly, the interaction effect of hotel-stay frequency and value for money on satisfaction for leisure guests ($\beta=.112$, $p<0.01$) was found to

be positive and significant while the interaction effect for business guests ($\beta=.23$, *ns*) was non-significant. The effect of value for money on frequent guests' satisfaction (Leisure: $\beta=.194$, $p<0.001$; Business: ($\beta=.056$, *ns*) was higher than that of non-frequent guests (Leisure: $\beta=.147$, $p<0.001$; Business: ($\beta=.076$, *ns*). Similarly, the effect of service quality on frequent guests' satisfaction (Leisure: $\beta=.321$, $p<0.001$; Business: ($\beta=.378$, $p<0.001$) was higher than satisfaction for non-frequent guests (Leisure: $\beta=.293$, $p<0.001$; Business: ($\beta=.311$, $p<0.001$). The interaction effect of hotel-stay frequency and service quality on satisfaction was found to be significant for both leisure ($\beta=.156$, $p<0.001$) and business guests ($\beta=.133$, $p<0.001$).

An additional ad-hoc analysis investigating the relationships on the basis of business and leisure guests' country of origin indicated significant differences between Asian and non-Asian travellers. The interaction effect of country of origin and value for money on guest satisfaction for both leisure ($\beta=.043$, $p<0.01$) and business guests ($\beta=.013$, $p<0.001$) was found to be non-significant. However, the interaction effect of country of origin and service quality on guest satisfaction was found to be significant for both leisure ($\beta=.179$, $p<0.001$) and business guests ($\beta=.085$, $p<0.01$). The effect of service quality on guest satisfaction of the Asian leisure travellers ($\beta=.467$, $p<0.01$) was higher than non-Asian leisure travellers ($\beta=.237$, $p<0.001$). On the other hand, the effect for Asian business travellers ($\beta=.198$, $p<0.01$) was less than non-Asian business travellers ($\beta=.256$, $p<0.01$). Without distinguishing between business and leisure travellers, previous research has identified the higher significance of value for money for Asian travellers and service quality for non-Asian travellers in determining their overall satisfaction (Choi and Chu, 2000; Mey *et al.*, 2006).

5. Conclusion and implications

Using data drawn from online reviews on TripAdvisor, this study examined how the value for money and quality of services perceived at hotels with various star ratings influence guest satisfaction and WOM, considering guests' travel purpose. The study contributes to the body of literature in hospitality and specifically in the hotel sector by demonstrating how the hotel star rating and guests' trip purpose moderates the aforementioned relationship.

5.1. Theoretical Implications

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3 The study addresses the gap identified by Wu *et al.* (2017) on the impact of trip purpose on
4 customer satisfaction by empirically testing leisure and business guests' perception of value for
5 money and service quality at various star hotels. Hence, the study contributes to the expectancy-
6 disconfirmation theory (Oliver, 1980) by identifying how different consumer groups' perceptions
7 differ and influence the achievement of satisfaction and WOM.
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12 Extending Choi and Chu's claim (2000) that the influence of service quality on
13 satisfaction is of greater significance in non-Asian travellers, the present study reveals the effect
14 to be greater for non-Asian business guests, as well as Asian leisure guests.
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17 The study also extends the literature on the role of online reviews on consumers' buying
18 behaviour (Phillips *et al.*, 2016; Schuckert *et al.*, 2015) by emphasizing the importance of user-
19 generated content review websites in capturing hotel guests' perception of service quality, value
20 for money and post-trip reflection.
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26 **5.2. Managerial Implications**

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28 The study provides several practical implications to hotel managers. Considering the study's key
29 findings as well as previous research confirming guests' higher expectations in higher-rating
30 hotels (Fernandez and Bedia, 2004; Oh and Jeong, 2010), hotel managers need to recognise that
31 guests' expectations differ based on their trip purpose and their chosen hotel's star rating. Hence,
32 hotels need to include their points of difference in their positioning strategy and satisfy guests'
33 perceptions of value for money by offering appropriate levels of service. Moreover, given the
34 significant role of trip purpose, hotels need to focus on understanding guests' travel motives to
35 better serve their intended target markets. To achieve higher guest satisfaction and behavioural
36 outcome, hotels could consider positioning themselves as business, leisure, kids friendly or
37 adults only hotels and offer services and prices accordingly. For instance, business travellers are
38 mainly concerned about Internet availability and convenience of hotel location (Banerjee and
39 Chua, 2016; Choi and Chu, 2001), thus requiring hotel managers to focus on these attributes both
40 in their service offerings and promotional activities.
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52 Considering the impact of hotel-stay frequency on both leisure and business guests'
53 perception of service quality and value for money in determining their satisfaction, hotels could
54 consider including questions on their booking forms to understand whether their guests are
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3 frequent hotel users. Knowing this information, they could then offer incentives and discounts to
4 encourage such guests to write reviews about their stay on online review websites.
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7 Finally, guests' higher satisfaction with lower ranked hotels signifies an opportunity for
8 such hotels to improve their performance; as even a marginal enhancement in perceived value for
9 money and service quality could improve guest satisfaction significantly. Additionally, the
10 differences captured between Asian and non-Asian guests hints at the need for hotels to
11 customize their service offering to guests from various countries and cultures
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16 17 **5.3. Limitations and Future Research**

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19 The results of the current study are subjected to several limitations, thus highlighting the scope
20 for future research. First, as the study followed cross-sectional design, the inferences are based
21 on associations and not causation. Second, although hotels are encouraged to offer better services
22 to guests, there is ambiguity in distinguishing hotels based on service features. A choice model
23 explaining consumer preference on the combination of price and service quality features in
24 hotels, with different star ratings as well as guests' trip purpose, would better guide the hotel
25 sector in achieving higher guest satisfaction. Third, the use of secondary data in this study did
26 not allow investigating the characteristics of respondents, reasons why they write reviews and the
27 relevant implications. Future research could look into how demographic characteristics, as well
28 as travel experience, i.e., the Travel Career Pattern (Pearce and Lee, 2005), and motivation to
29 post online reviews (Yoo and Gretzel, 2008), contribute to the findings. Fourth, while the current
30 study only investigated business and leisure travellers, prospective research could specifically
31 look into other trip types, i.e., couples, family, friends or solo (Banerjee and Chua, 2016), and the
32 combined work-related and touristic-oriented travel purpose. Finally, the value for money
33 perceived from high yield management hotels is likely to differ from other hotels. Future
34 research could compare the relationships proposed in the study within high yield management
35 hotels.
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Figure 1: The Conceptual Framework

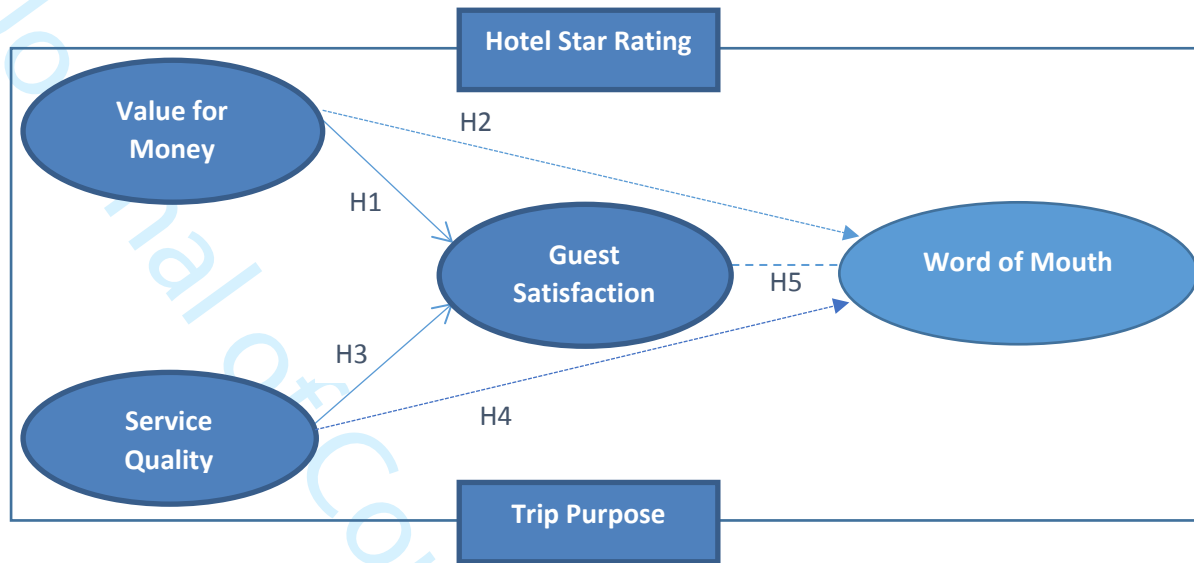


Figure 2: Interaction effect of value for money and hotel star rating on customer satisfaction: Leisure guests' perspectives

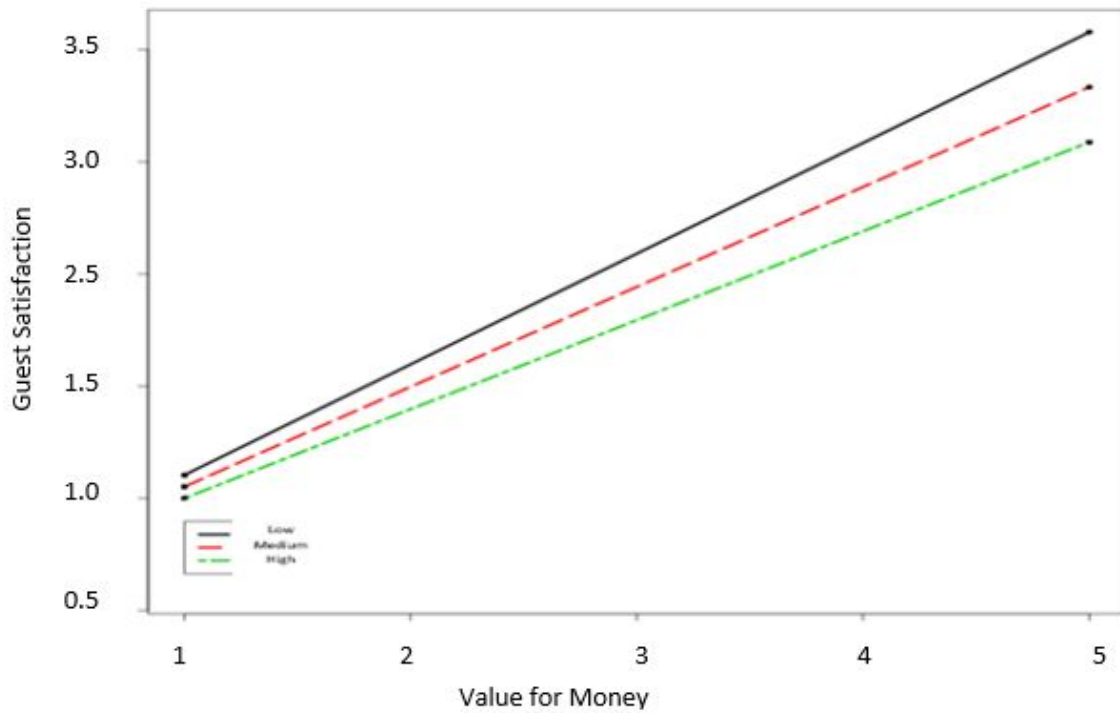


Figure 3: Interaction effect of service quality and hotel star rating on customer satisfaction: Leisure guests' perspectives

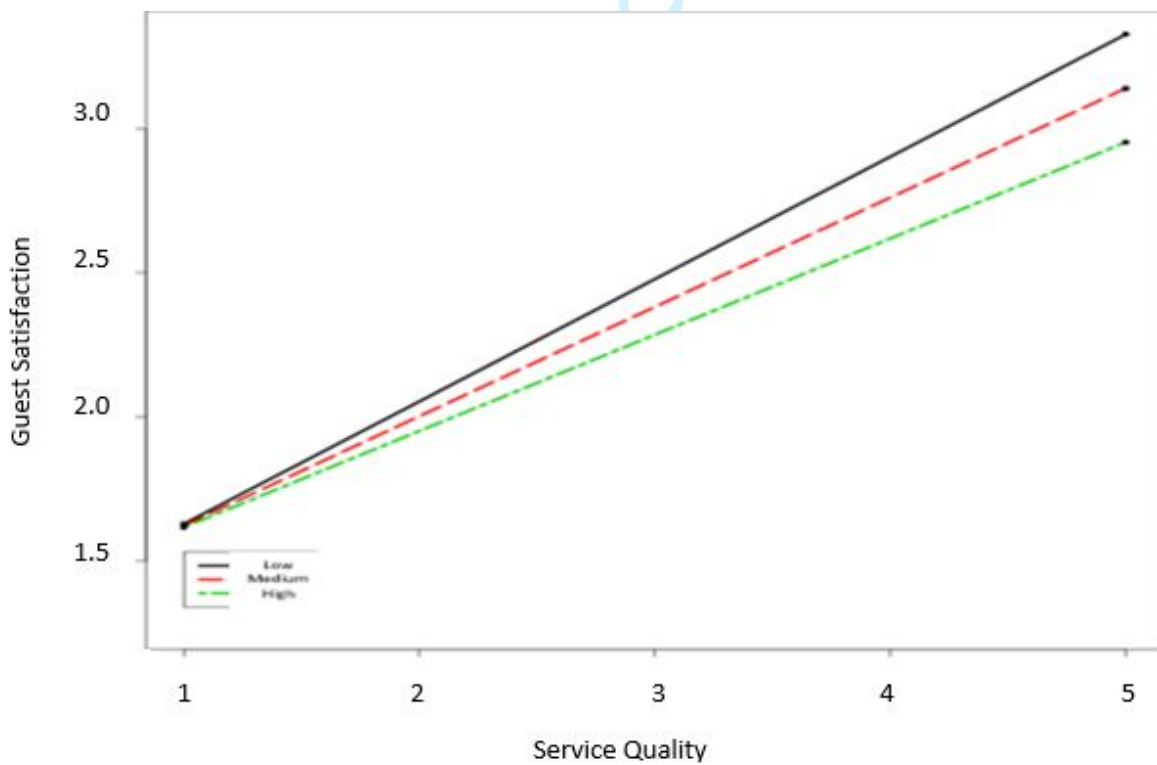


Figure 4: Interaction effect of value for money and hotel star rating on customer satisfaction: Business guests' perspectives

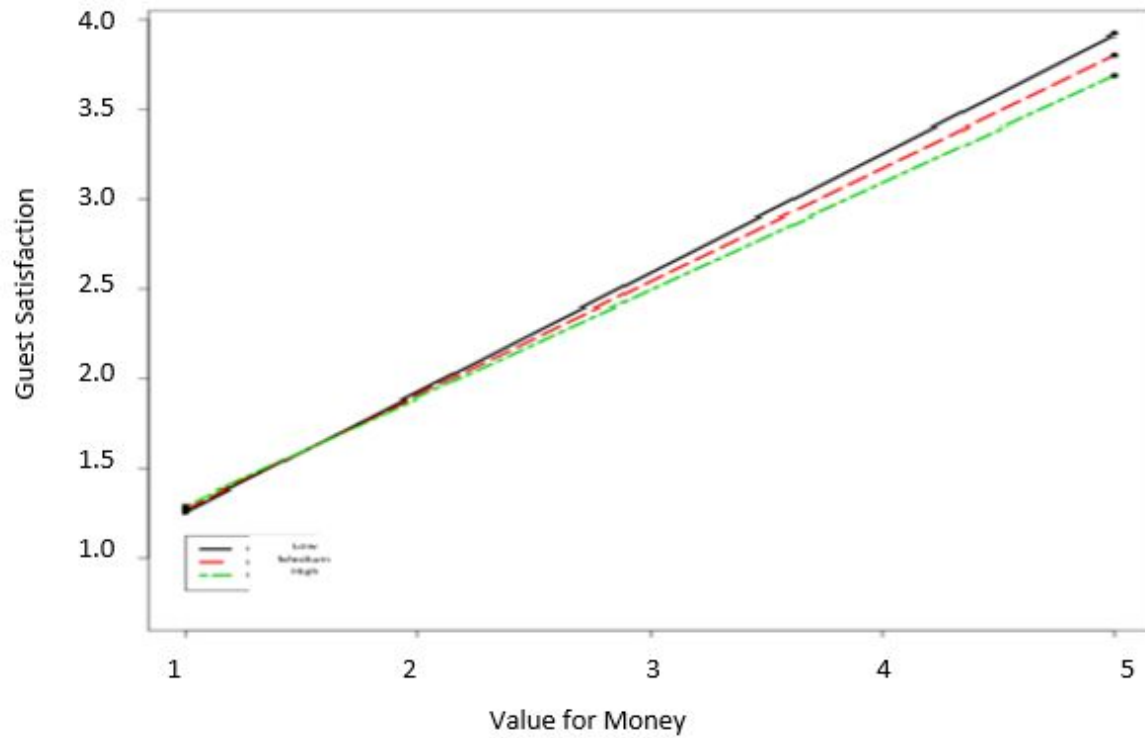


Figure 5: Interaction effect of service quality and hotel star rating on customer satisfaction: Business guests' perspectives

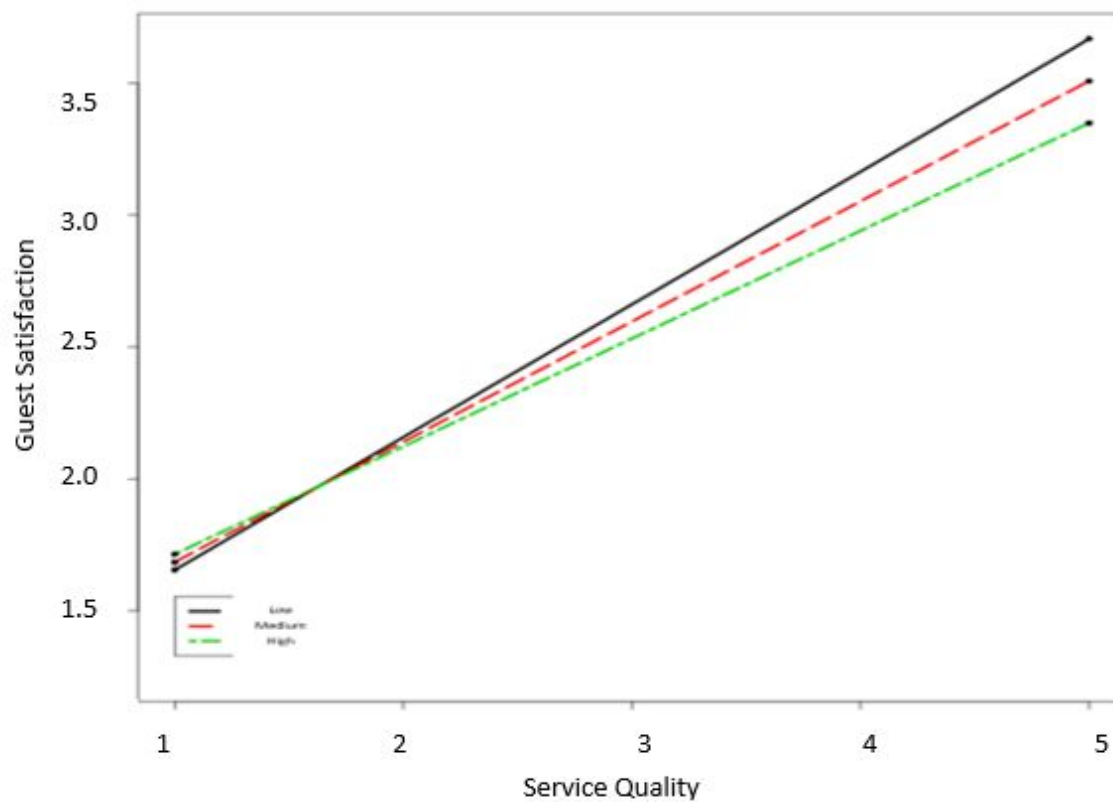


Table I: Interaction effect of hotel star rating with value for money, service quality on guest satisfaction (Regression 1)

Variables	Model 1		Model 2		Model 3	
	β (Leisure)	β (Business)	β (Leisure)	β (Business)	β (Leisure)	β (Business)
Origin country	.085*	.041*				
Travel frequency	.054*	.134***				
Value for money	.502***	.390***				
Service quality	.398***	.472***				
Origin country			.072*	.019		
Travel frequency			.030	.092**		
Value for money			.524***	.400***		
Service quality			.424***	.513***		
Hotel star rating			.185***	.125*		
Origin country					.039	.012
Travel frequency					.028	.069*
Value for money					.546***	.462***
Service quality					.439***	.556***
Hotel star rating					.109***	.065***
Value for money *					-.095***	-.172
Hotel star rating						
Service quality * Hotel star rating					.061*	-.030*
R ²	.791	.699	.821***	.704**	.865***	.723**

Dependent Variable: Guest Satisfaction

*** p < .001; ** p < .01; * p < .05

Table II: Interaction effect of hotel star rating with value for money, service quality on WOM (Regression 2)

Variables	Model 1		Model 2		Model 3		Model 4	
	β (Leisure)	β(Business)	β (Leisure)	B (Business)	β (Leisure)	β (Business)	β (Leisure)	β(Business)
Origin country	0.12 (0.19)	0.35 (0.89)						
Travel frequency	0.49 (1.63)	1.21*** (32.8)						
Value for money	2.04*** (56.7)	1.57*** (47.2)						
Service quality	1.16*** (24.9)	0.99*** (7.5)						
Origin country			.12 (.17)	0.52 (1.2)				
Travel frequency			0.53 (1.83)	0.98** (24.7)				
Value for money			2.17*** (59.6)	1.65*** (50.2)				
Service quality			1.23*** (27.2)	0.97** (8.14)				
Hotel star rating			0.26 (.94)	0.36 (1.77)				
Origin country					.08 (0.12)	0.17 (0.30)		
Travel frequency					.32 (0.92)	0.67 (2.4)		
Value for money					1.75*** (50.1)	2.34*** (63.1)		
Service quality					0.74(2.7)	1.24***(27.9)		
Hotel star rating					0.20 (.27)	0.20 (0.26)		
Value for money *					-0.39 (1.6)	-0.19 (0.18)		
Hotel star rating								
Service quality * Hotel star rating					0.84* (20.2)	-0.33 (.46)		
Origin country							-0.23 (0.45)	0.17 (0.28)
Travel frequency							0.32 (0.09)	0.66 (2.4)
Value for money							1.74*** (51.0)	2.28*** (61.8)
Service quality							1.16*** (26.5)	0.65 (2.3)
Hotel star rating							0.21 (0.32)	0.20 (0.28)
Value for money* Hotel star rating							-0.54 (1.9)	-0.37 (0.35)
Service quality* Hotel star rating							0.91* (20.1)	-0.41 (0.53)
Customer satisfaction							1.98*** (50.1)	1.29*** (32.9)
R ²	.369	.383	.397*	.399*	.424*	.409*	.473**	.432*

Number in parentheses are odds ratio.

Dependent variable: Word of Mouth

*** p < .001; ** p < .01; * p < .05