

# The Factors that Affect Consumers' Choice of Five-Star Hotels

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**Abstract.** The major purpose of this report is to investigate the elements that influence consumers' selection of five-star hotels. This study's goal has been to provide the standards of the characteristics that a five-star hotel has to boost occupancy. A variety of studies were carried out to examine the volatility of consumption statistics, as well as the consistency of the hotel's capabilities and flaws in many categories. The study gathered useful information on five-star hotels that captured attention. All early findings provide insight into the nature of the high-end hotel industry's development trend.

**Keywords:** Five-Star Hotels, Customer Loyalty, Customer Satisfaction, Quality of Product.

## 1. Introduction

### 1.1 Research background

With the improvement of people's income level in recent years, people's pursuit of quality of life has also gradually improved, bringing about a change in people's consumption mentality. Many tourists choose a hotel close to the scenic spot because of the transportation of the scenic spot, some choose this hotel because of the unique landscape or landform, and some choose a hotel because of the shopping circle and first-tier brand stores. Diversified choices make the competition between hotels more intense, and the growth of consumer demand and service demand also makes the hotel industry a new turning point.

### 1.2 Research gap

Several articles have previously investigated the difficulties, such as business research tends to focus on the motive or product features of the hotel industry connected to the customer decision-making process [1]. Relative Price Position and Fluctuation Effects on Performance [2]. The influence of hotel design and popularity on room pricing adjustments, the association between customer age and their choice of hotel stars and geographical location, and so on. Although there are numerous such studies, the opening of the Atlantis Sanya tourism complex, which integrates eight Sanya formats, including resort hotel, entertainment, catering, shopping, performing arts, property management, international exhibition, and special Marine cultural experience, has increased overall hotel turnover. However, there are significant differences between this paper and the preceding research in the selection of hotel types — this paper only studies the resale of hotels.

### 1.3 Fill the gap

What elements influence consumers' decision to stay in a five-star hotel? These factors are a part of the tourism industry wind direction change, investigate the causes of these factors, in the form of both tourists and hotels, how to affect the tourism development trend, and the impact of the pros and cons of hotel investment is what the hotel management industry requires. Researchers can learn about the development direction of high-end hotels in a broader range (such as coastal areas), how to plan marketing activities in advertising quotations, summarize representative factors, and highlight atypical factors by using five-star hotels in China and Canada as the centralized investigation case set, and studying tourist data from this set.

The study is based on a thorough market analysis and an in-depth evaluation of typical instances beginning in 2019. The latest hotel in Sanya debuted in 2019, and China's tourist business showed a high fever in 2019, with the tourism economy growing faster than GDP. Such a study backdrop

provides for continual data dependability and subject typicality, as well as long-term follow-up records.

With the accelerated expansion of the economy, the consumption structure, consumer demand, and spending habits of inhabitants are continually changing. Understanding consumer behavior data allows hotels to better position themselves in the market and identify new revenue development opportunities. Among these, the duration of stay represents the sort of customer demand, which is one of the foundations for the hotel to manufacture goods.

Studying the criteria for tourists to choose five-star hotels can help better understand the preferences of consumer groups and predict the development trend of the hotel industry.

There are tourist hotels and commercial hotels in the sample, and there are some examples of the combination of the two. By analyzing the price range, profitability, number of stays per unit time, consumers, evaluation, geographical location, transportation choice, and safety of these hotels, we can find out the law of consumers, and choice tendency. At this stage, the results that have been achieved will be comprehensive induction of all aspects of the law, through the impact of the factors to predict the market trend of the hotel in a quarter is in line with the data.

Previous studies have reported a recent hotel industry study that showed how to predict consumer preferences and market segments by using product attributes [1]. Researchers usually use motivation and emotional factors to accurately predict a wide range of customer intentions and behaviours [2]. Hotel industry motivation or product attributes related to the consumer decision-making process are the focus of industry research bias. These methods are called benefit segmentation based on psychology and attributes [3]. The sociodemographic and geographical patterns that may affect purchasing decisions are more traditional consumer surveys that use criteria such as age, family life cycle, and more traditional geographical criteria [4].

This study is still constrained by whether the acquired legislation can adjust to the longer-term market trend and customer preferences due to the scarcity of existing research results in this area. However, to improve the development of the hotel business, this research vacuum must be filled. To make the results broad, adaptable, as well as accurate feasible, reliable data and publications were meticulously collected.

## **2. Literature review**

### **2.1 Marketing mix theory**

#### **2.1.1 Definition & Development**

Over the last few decades, most customer loyalty research has concentrated on the marketing mix. In the 1950s, Neil Borden popularized the phrase marketing mix, which included more than 10 marketing aspects. McCarthy stated that the 4Ps (product, pricing, promotion, and location) are the basic control components accessible to create a marketing plan. He also emphasized the long-term altering of the balances of these factors, with the product staying the most difficult to modify. In 1967, Philip Kotler refined the marketing mix strategy by emphasizing the 4Ps theory, namely:

**Product:** When considering a unique selling point, the company should always pay attention to the functional parts and fulfilling them as the fundamental needs [5].

**Price:** Varied market positioning might lead to different pricing tactics. The price of a product is always significantly tied to the brand quality and determines the brand strategy [5].

**Place:** With the developments of distributors and the connections of sales networks, the organizations contact consumers through distributors rather than interact directly [5].

**Promotion:** Many individuals limited advertising to short-term sales. Advertising, public relations, short-term sales, and other marketing behaviors that lead to consumption growth should be included in the definition of promotion [5].

The 4Ps concept is too traditional to be employed in many circumstances since it focuses solely on the sellers' obligations. Nowadays, rather than being adversarial, vendors and buyers are

cooperating more closely in engaging with one another. More significantly, the customers appear to be the focal point of the transactions. As a result, in 1990, Robert Lauterborn created the 4Cs marketing theory in reference to the circumstance. The 4Cs take precedence over customer demands in the first place and are fueled by advanced marketing strategies. When customer preferences change rapidly, the inadequacies of 'the 4Cs' become apparent due to an overemphasis on the buyer's side and an ignoring of the competitive environment.

Furthermore, customer satisfaction refers to a company's service and the responses or emotional state of its customers [6]. Zeithaml, Bitner, and Gremler proposed in 2006 that customer happiness is directly connected to the quality of service offered and communication [7]. They also stated that the price of the service and product, as well as personal factors such as age and gender, will have an influence on consumer satisfaction.

## **2.2 The determination of the number of network layers**

### **2.2.1 Important results**

Loyal consumers do not price sensitive, however disloyal customers in frequent product categories are price sensitive when making purchase selections. The existing technique of classifying customers using preset limits is not optimal, and the link between consumer loyalty and price sensitivity is deceptive [9].

The brand is a crucial aspect in developing an enterprise's competitive advantage. Brand distinctiveness is becoming more widely recognized as a critical strategic strategy. Products that give universal and commodity value become indifferent to customers when the market's competitive pressure increases due to globalization and greater international commerce. As a result, it is difficult for marketers and global brand managers to discern functional brand features via goods and brands [10].

Although many current channels do not require human interaction, the multi-channel environment will lose loyalty. This is an essential part of delivering customer service. For instance, new channel technology has strained the connection between banks and clients. As a result, it is critical to comprehend clients' reactions to multi-channel distribution [11].

Relationship marketing has emerged as a significant marketing strategy in recent years, with applications ranging from industrial marketing to service and consumer marketing. Many academics have debated the definition of relationship marketing from various perspectives. Relationship marketing is a method that combines advertising, promotion, public relations, and direct marketing to build, maintain, and strengthen connections with consumers and partners. The goal is to maintain long-term consumer happiness and loyalty [12].

### **2.2.2 Summary**

To be concluded, the research points out the meanings of customer loyalty. Moreover, it outlines important effects on the growth of marketing strategy and the improvement of products and services quality, which promotes customer satisfaction and increases consumption and profits.

## **3. Method**

### **3.1 Research design**

Preparation of questionnaires with a statistics sheet to track research subjects The yearly financial statements of the five-star hotel under investigation, as well as the questionnaire on customer loyalty statistics, are used for data collecting and bridging work. The statistical data is then evaluated using Marketing Mix Theory and SWOTS to identify the link between revenue and associated services in five-star hotels and customer loyalty and to generate recommendations on how consumers might make better decisions in five-star hotels.

### 3.2 Research object

This research interviewed guests at the following hotels:

**Table 1.** Interviewed Guests

Research object	Sample capacity
Rosewood Guangzhou	80
The Fairmont Chateau Lake Louise	35
Grand Hyatt Sanya Haitang Bay	80
Capella Hainan Tufu Bay	30
Atlantis • Sanya	90

According to the consumers corresponding to five five-star hotels selected from the experimental object, nearly 80% of customers responded that they would prefer to choose a five-star hotel with better service for secondary consumption. The data comparison shows that the five-star hotels with high customer feedback rate do a very significant job in terms of service and product quality, while the five-star hotels with low customer feedback rate do a relatively weak job in terms of service and product quality. It can be found that the service and product quality will have a direct impact on the profits of five-star hotels.

### 3.3 SWOT Analysis

#### 3.3.1 Strength

Products make up the majority of the difference in client loyalty between five-star hotels and other types of hotels. Service and functional disposable products are the two categories of hotel products. The level of service is what matters most to guests at five-star hotels. The level of a hotel's service attitude has a direct impact on whether or not guests return. For instance, the Capella Hainan Tufu Bay's concierge department would set up the hotel's butler to get in touch with guests in advance and give them information about the hotel before they check-in. Customers will also be questioned about any recent living arrangements at this time. We can organize the diverse wants of clients by comprehending their information. Customer satisfaction has significantly increased as a result of the hotel's distinctive service. This hotel's most notable characteristic is that the number of rooms suddenly increases to 100 percent during holidays and festivals. This data indicates the intense hotel rivalry in China and other countries. Simply offering a service is insufficient. The availability of disposable products in hotel rooms has a considerable influence on client satisfaction. The Rosewood Guangzhou hotel provides high-quality disposable items. If Evian mineral water is provided, customers may feel pampered. The shower gel and shampoo from Acqua di Parma water may provide the most delightful experience for customers. This can dramatically boost the number of recurring customers.

Five-star hotels often provide a broader selection of consumption channels than non-five-star hotels. More hotel information resources may be found on Ctrip or independent hotel websites. As the Internet and mobile technologies have grown in popularity, the old spoken technique of dialing a hotel has given way to a hotel app or website. It may give clients with a great level of convenience by providing more clear booking information. This sort of convenience may significantly boost client confidence and loyalty to the hotel.

Selling five-star hotels is an important component in deciding whether a hotel is visible to the general public. The extensive usage of Internet media in China has significantly improved the reputation transmission of five-star hotels. Furthermore, five-star hotels will receive more publicity than non-five-star hotels. Because of the expanding popularity and growth of the Internet, more marketing tactics are now available. Different bloggers, for example, may utilize their own written content or videos to promote the service, setting, or lodging prices of five-star hotels. Furthermore, one blogger is better than another in conveying the attributes of five-star hotels. A five-star hotel can

benefit from the usage of more bloggers. This form has a considerable influence on hotel visitors' satisfaction. Simultaneously, it increases client loyalty.

### 3.3.2 Weakness

They believe that the hotel makes unfair incentives to its regular patrons in order to draw in new business. The satisfaction of new consumers is affected even if it has no impact on previous consumers. Many of the deals that are offered to regular customers during holidays are lower than they are during non-holiday times since there are fewer rooms available. This can also make returning guests less loyal to the hotel. Some hotel booking websites are prone to bouncing or have unstable websites, which can have an impact on the booking process and client satisfaction.

### 3.3.3 Opportunity

The inauguration of the Atlantis Water World complex represents a significant potential for the nearby hotels. The higher prices for single rooms at the hotel will not have a substantial impact on the hotel's occupancy rate. For illustration, before the establishment of the Atlantis Waterworld complex, the Grand Hyatt Sanya Haitang Bay had a peak rate of 900RMB for a single room, which jumped to 1250RMB following the launch. With the reforms in the NDRC, the hotel's water and power bills have decreased dramatically in recent years, resulting in a larger surplus.

### 3.3.4 Threat

The hotel economy is expanding increasingly competitive, and five-star hotels are facing a significant challenge. However, it does not pose a significant threat to hotels that are geographically isolated. The Fairmont Chateau Lake Louise, for example, is located on the shores of Lake Louise in Canada. The snow-capped mountains that surround the hotel all year round create the perfect backdrop for guests. Other hotels with a poorer view will have a major influence. However, these latter hotels do not benefit from being in a better location. Their hotels are immediately challenged by better-located hotels, regardless of design style or service.

## 4. Result and discussion

Customer loyalty at five-star hotels is mostly impacted by the quality of the items offered. Hotels classify their items into two categories: service products and substantial throwaway products. Customers who stay in five-star hotels place a higher value on the hotel's service. The positive or negative attitude of the hotel service will have a direct impact on whether the client would return. For example, before to check-in, the concierge of Hainan Tufu Bay Capella Hotel will arrange for the hotel butler to call the customer and provide important hotel information. Furthermore, customers will also be questioned if they have any plans to relocate in the near future. We can organize the customer's independent needs by understanding the customer's details. Customer pleasure is considerably increased by the hotel's particular services. The most crucial aspect of this hotel is that during the holidays, the number of rooms will reach an incredible 100 percent. This statistic reflects the high level of hotel competition in China and other nations. There is no doubt that simply providing service is insufficient. The presence of disposables in the rooms has a significant influence on client satisfaction. Another hotel with high-quality disposables is Rosewood Guangzhou. Providing Evian mineral water may make clients feel pampered. Acqua di Parma body washes and shampoo may supply clients with a superior delight experience. This can significantly enhance the customer's likelihood of returning.

The consumption channels offered by five-star hotels are sometimes more extensive than those offered by non-five-star hotels. Customers can find more hotel information resources on Ctrip or on independent hotel websites. With the growth of the Internet and mobile devices in recent years, the old oral form of the telephone has given way to the form of a hotel app, such as a website. It can provide significant convenience to clients by providing more precise booking information. This type of convenience may also significantly boost client trust and loyalty to the hotel.

The good operation of five-star hotels is an important means to determine whether a hotel can appear in the public eye, at the same time, more profits can be obtained. The increasing usage of Internet media in China has substantially increased the dissemination of word-of-mouth about five-star hotels. A five-star hotel will also have a greater exposure rate than a non-five-star hotel. The growing popularity and growth of the Internet has opened up new avenues for marketing. Various bloggers, for example, will advertise the service, surroundings, or lodging pricing of five-star hotels via their own films or written records. Moreover, the same blogger can better highlight the characteristics of a five-star hotel than different hotels. More bloggers promoting a five-star hotel can build resonance. This format can accurately indicate hotel guests' happiness. It also boosts client loyalty.

**Price Difference:** the relationship between consumer loyalty and price sensitivity has not been studied. It is worth learning to classify consumers.

**Product difference:** brand differentiation is not regarded as an important part of the product category in my own research. My article mainly takes some hotels as samples to explain and does not extend the scope to global marketing.

**Place Difference:** there is no specific example in my own research, but I have analyzed the response of each channel distribution to customers.

**Promotion Difference:** Relationship marketing is multi-dimensional. The broad definition of relationship marketing has a very important understanding of hotel promotion. It is very important for hotels to achieve promotion through relationship marketing.

## 5. Discussion

The topic of this study is how to increase the rate at which five-star hotels open their rooms. Marketing mix theory and SWOTS are the two main strategies used to conduct the analysis. The product prioritizes the product's function while concentrating on the function of development. The pricing of the product is based on the brand strategy of the business and emphasizes the strengths of the brand. Price develops various pricing strategies in accordance with various market positionings. The location places an emphasis on the development of distributors and the creation of a sales network. Through a survey and the application of systematic analysis, SWOTS analysis can identify the primary internal strengths, weaknesses, and external opportunities relevant to the subject of research. 'How can we optimize the advantages of five-star hotels by raising their room occupancy rate' is our final study topic. The two primary tactics that can effectively support the claim of how to enhance the room opening rate of five-star hotels are the foundation of the entire study process. This study will help us better understand the needs of various types of hotel guests as well as the requirements of the five-star hotel chain. In order to make macro-level adjustments to the room opening rate, customer happiness, and loyalty of five-star hotels in the area, it is also possible to estimate the future development plan and the general trend of five-star hotels. Additionally, this study's methodology is overly idealistic, and how to match the real implementation standards is not obvious. The majority of the study's data came from internal financial records of five-star hotels or external publications. A lack of knowledge about the specific management model and operation model of five-star hotels is the main reason why the research subjects and direction of this experiment are redundant and somewhat challenging.

## 6. Conclusion

This experimental inquiry analysis is targeted in the context of a study with per capita income. This experimental inquiry analyses several factors that affect hotel customer loyalty for hotel profit and loss. Therefore, throughout the experiment we have compared five-star hotels with non-five-star hotels. The study was analyzed through two analytical tools: 4Ps as well as SWOTS analysis. The 4Ps was analyzed in terms of four influencing factors: the price of the hotel, the products offered by

the hotel, the consumer channels offered by the hotel and the promotion of the hotel; the SWOTS analysis was divided into: strengths, weaknesses, opportunities, and threats. Customers are sensitive to price changes when making purchase decisions. The biggest factor in developing a company's competitive advantage is branding. Brand differentiation is increasingly becoming an important tool for companies to compete. Modern channels require little human contact to the extent that a multichannel environment can weaken loyalty. In response to the fluctuations in anti-epidemic policies and travel restrictions, this chapter offers the opportunity to systematically adjust hotel prices, hotel offerings (costs), hotel consumption channels offered to customers and hotel promotions for both five-star and non-five-star hotels in the country to reach the highest point of profit and loss for the hotel. It can also influence and improve the economic flows of tourism trade in the region to provide economic recovery opportunities for the country and the government. In addition, it can promote the development of the external tourism industry and balance the differences between the domestic and international tourism economies. This experiment suffers from a lack of sample as the number of hotels surveyed and studied is not large enough. The main reason for this depends on the issue of the epidemic in China, which includes Chinese travel restrictions (Zero-Covid Policy). In future surveys we can expand our horizon to international. More factors influencing the issue of hotel loyalty profit and loss can be analyzed according to the different cultures of different countries as well as economic differences. We could also discuss the factors that influence B&Bs on the issue of hotel loyalty.

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