

## **Internal Success Factor of Hotel Occupancy Rate**

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### **Abstract**

*The rapid economic growth in Malaysia has had positive impact on the hospitality sector of the country. This sector is has been one of the significant contributors to the nation's GNP. To meet the growing demand of hospitality industry, owners have been actively upgrading hotels and resort. Nonetheless, to be able stay competitive in the industry, it is crucial for hotel operators to consistently improve their internal factors towards achieving successful occupancy rate, as it is the yardstick to improve revenue. The first objective of this study is to determine the internal success factors that have the greatest impact on the hotel occupancy rate. The other objective is to suggest recommendation to improve the occupancy rate. Cross-sectional survey was applied to 200 respondents where only 135 questionnaires were returned. The overall finding of this study suggests that the success of hotel operation depends on how well hotel are able to fulfill and meet customers' expectation. Invariably, exceeding these expectation will lead to customer satisfaction. Further this study provides some insights and invaluable information in the management of the hotel industry. With this regard, hotel owners will be able to improve their current method of operation and management of hotels. It is envisaged that this study serve as reference for future research in the hotel industry.*

**Keyword:** Hotel, occupancy rate, internal success factors

### **Introduction**

In today's highly competitive hospitality industry, hotel operators need to be vigilant and aware of customers' needs and demands. As such there is a need to acknowledge both the internal and external factors that influence occupancy rate in order to gain a sustainable competitive advantage. Consequently, there has been a tremendous urgency for hotel operators in Malaysia to further improve their organisational performance. As matter of fact, the global competition has become so intense by the day as more and more foreign hotel operators are opening their business in Malaysia see the country has strong growth potential service industry sector. To be competitive, hotel operators need to identify their internal factors and to identify the key areas to improve occupancy rate.

### **Background of Study**

Due to the rapid changes in today's economic, social, political, legal, demographic, competition, technological and limited resources, there has been great shifts in customers' taste, demand and expectations. These shifts have become a major challenge to business practitioners. Customers are surrounded by unlimited choices. Businesses, especially the service providers are facing an uphill battle to meet the need of their ever demanding customers. Customers can readily switch to other brands if they are not satisfied with any particular product. In hotel industry, the main indicator of success depends largely on the occupancy rate. It is measured by the number of rooms booked divided by the number of room available (Bardi, 2007). The higher the number of room occupancy, the bigger will be the profits. On the contrary, a lower number the occupancy rate, the lower will be the profits. A hotel occupancy rate is seasonal in nature. Thus, it is common for hotel to record high occupancy rate during the 'peak' seasons. Appendix 1 shows the hotel occupancy rate in Malaysia by state from the year 2006 to 2010.

Hotel occupancy rate depends both on external and internal factors. The external factors involve bigger issues such as the state of economy, technologies, politics, legislation and demographic. Back in 2004, the SARS and H1N1 scares and the issue of terrorism had badly affected Malaysian tourism industry, especially the hotels businesses (Malaysian Association of Hotel, 2004). Subsequently, the internal factors relates to challenges in the hotel management; quality of service, pricing and fees, variety and quality of food, accommodation, entertainment, facilities and location of the hotel (Lau et al., 2005). Poor performance in terms of low level of service quality contributes to problems in the internal factors (Lau et al., 2005)

In business term, customer satisfaction is seen to be a measure of how products or services surpass customer's expectation. It is also observe to be the key element of business strategy. To ensure successful business performance of the service industry, many researches on service quality have been conducted (Suhaiza et al., 2006). Issues such as the effect of service quality to an organization from management perspectives are equally important from customer's point of view (Reynoso & Moores, 1995).

This study focuses on only the internal success factors of hotel occupancy rate and their relationship with services provided by the hotel, the accommodation, amenities, price, food and surroundings. Among the positive factors that contributes to the success of hotel occupancy rate are cleanliness (Lockyer, 2005; Saleh & Ryan, 1992), overall comfort, spacious and well maintained rooms (Salleh & Ryan, 1992) and room facilities such as good lighting and easy to handle doorknobs (Ruys & Wei, 1998). The key success factor of a hotel occupancy rate, according to Crown Plaza Hotels and Resorts Standard Manual (2000) is by providing guests with an experience that truly satisfying. To accomplish this, hotel management and staffs should focus on guest's perception and be able to deliver at guest's level of expectation. Consequently, there is a need to look into the organisation itself in relation to service quality and its link to service industry business performance (Suhaiza et al., 2006). Up to March 2011, there are about 1,621 numbers of approved and registered hotels with Malaysian Association of Hotels (MAH) around Malaysia ([www.hotel.org.my](http://www.hotel.org.my)).

### **Objective of the Study**

The objective of this study is to:

- Determine the important criteria that have the greatest impact on the internal success factors of hotel occupancy rate.
- To suggest recommendation on ways to improve the hotel occupancy rate.

### **Research Question**

Several research questions are formulated to address the issue of occupancy rate:

- What are the criteria that have the greatest impact on the internal success factor of hotel occupancy rate?
- What the hotel management should do to attract more costumers to their hotel?

### **Statement of the Problem**

By and large, Malaysian hotels are very active in their promotions and in offering competitive prices to lure potential and regular guests to their hotels. Accommodation is the name of the survival game. However, not all potential guests and regular ones would decide to stay in a hotel or return to the same ones simply because of the lower room prices. Even though price does play an important factor in influencing customers' decision, there are others who would look for other factors besides pricing.

Despite aggressively promoting hotels through low pricing technique, hotel management and operators should be constantly looking for ways to attract customers who are price-averse. Rapid changes in environment, economy, legislation, demographic, technological advancement and customers taste have open up a world of unlimited opportunities and threats. In order to be sustainable in today's competition, creating a strong brand name and image are crucial. For a hotel to create a strong brand name, it must have outstanding quality service and competitive pricing.

According to Edvardsson (2005), a customer's experience can effect their perception of service quality. Customers who have positive experiences are more likely to have positive behaviour intention (Zeithaml et al., 1996).

Bearden and Teel (1983) and Tax and Brown (1998) claimed that positive behaviour intentions could lead to customers' loyalty. Failure to recognise the important selection criteria may lead to negative experiences and behaviour of guests, hence, potential guests may be lured away from the hotel. Guests would find other alternatives and avoid the hotel they had bad experienced with.

Hotel operators in Malaysia, particularly those rated three stars and below are still comfortable with their current position because majority of their guests are those looking for low price accommodation, albeit their much to be desired customer service. However, as Malaysia is slowly heading towards becoming a high-income nation, the people are becoming more sensitive with quality of service regardless of the cost. Guests staying in a hotel expect prompt, reliable customer service delivery. Guest who are not satisfied with the services would go for other alternatives such as better rated locally operated hotels, renown international hotels, resorts or even individually operated home-stay accommodation.

### **Significance of the Study**

This study should contributed valuable information that benefits hotel industry in Malaysia. The information could be used to generate ideas to further improve their management style. Since this study was the key into identifying the internal success factors contributing to occupancy rate, it should provide solution to superior customer service quality. Through this research, hotel operators would be able to provide innovative ideas into improving service quality and customer service. The finding of this study can assist hotel operators to identify the important success factor to high occupancy that may be overlooked.

### **Limitations of the Study**

The large number (1,621) ([www.hotel.org.my](http://www.hotel.org.my)) of approved and registered hotels (www. would be impossible to cover within a short period of time. Cost was also the prohibitive factor. Therefore, the research was narrowed down to selecting respondents within the Klang Valley area. Researcher conducted a questionnaire session on small group respondents as a sample. This segment of respondents should be representative of the larger number of guests staying in hotels located around Malaysia.

### **Literature Review**

The success, performance and growth of an organisation rely primarily on two type of factors or environments; the external and the internal. The external factors include bigger issues related to external surroundings such as competitions, the impact of economic changes and uncertainties, changes in government policies and legislations, advancement of information technologies, demographic of a country or a state and finally the socio-cultural factors.

In hospitality industry, price is important in customers' quality perceptions (Lewis & Shoemaker, 1997) while the guests expect higher level of service when they pay more (Parasuraman et al., 1991). However, according to Bojanic (1996) there is a significant positive relationship between perceived price and perceived quality whereas Oh (1999) perceived that price exerts a significant negative influenced on perceived customer value. He found that guest satisfaction was composed of several dimensions including guest room cleanliness, maintenance, friendliness and attentiveness of staff.

Performance is the ultimate criterion in assessment of organisations and it is a complex construct that reflects the factors used by decision-makers to assess the functioning of an organisation (Van de Ven, 1976). Three criteria of performance; productivity, employee morale, and effectiveness was suggest Van de Ven (1976) study. It was further stated that the level of performance achieved by organisation is by the manager's input on information which allow adjustments in policies and mode of operations possible. In simpler terms, performance is not simply dependent end product but a dynamic variable (Van de Ven, 1976). Researchers agree with Van de Ven's (1976), that if an employee is demoralised, the level of service and performance rendered by him or her would have a negative influence towards the organization. Furthermore, lack of proper planning would jeopardize the organization's effectiveness.

Likewise, inadequate reward systems for the high performing employees can have an adverse impact in their productivity.

But the question is; How can we measure service performance? Measuring performance of a hotel operation or any other service oriented company is not as simple as measuring the performance of a manufacturing company which produces finished goods whereby their performance can be measured by the number of products produced and sold. Services are intangible and to record the accuracy of their performance, two types of methods are normally used; the qualitative and quantitative methods and approach.

A study on customer satisfaction by Poon & Low (2005) identified that the quality of products and services rendered by employees of a service oriented organisation will determine the level of customer satisfaction. In their studies, Poon & Low, (2005) strongly emphasized that businesses look seriously at the impact of customer's satisfaction on their operation. Customers who are satisfied with the quality of services are most likely to return and might bring in new customers as well. Subsequently, a success or failure of a hotel is determined largely on customers' satisfaction. Researcher believes that although quality customer service is not the only determining factor, customers would surely return to the same hotel if they are satisfied with the services and will eventually spread good words to their friends and families. This will lead to higher number of occupancy rate which will then translate into growth in revenue (Poon & Low, 2005). A positive emotion amongst customers may lead to positive words of mouth, while negative emotions would result in complaining behavior (Edvardsson, 2005). Satisfaction is the key to long-term business and generating more returns. A satisfied customer would lead to purchase intention, customer loyalty and recommendations to others (Cronin & Taylor, 1992). In a service oriented company, measuring its performance would be best by measuring its' service quality. This service quality methods used in the hotel industry was the Service Quality Gaps Model developed by Parasuraman et al. (1985).

### **Internal and External Success Factors of Firms in the Service Industry**

There have been numerous studies and research on internal and external success factors in the service industry done by researchers such as Lockyer (2005), and Atkinson (1998). Both researchers found that several internal factors contributes to memorable hotel accommodations. According to Lockyer (2005) the four major factors are; price, location, facilities and cleanliness. Whilst Atkinson (1998) has included cleanliness, location, room rate and security amongst the most important factors. Interesting enough, both Lockyer and Atkinson have included cleanliness as one of the major factors contributing to the internal success of hotel occupancy. Other researchers, Ruys and Wei (1998) looked into demographic profile and their effect on the selection. In their study on the accommodation needs of Australian mature travellers found that safety is the most important factor to be considered in selecting hotel. It includes non-slip bathroom floor, well-lit public areas, anti-slip mats or strips in the bathtub, seats in the elevator lobby and a shower entry without raised edge for easy access. Another research conducted by McClearly and Weaver (1994) indicated the difference between female and male occupants in determining successful factors of a hotel. This interesting finding showed that female travellers are more concerned about safety, personal service and low price, whilst their male counterparts are more concerned about the look of their rooms.

With diversity in demographics, the needs and demands of Malaysians also varies. Male and female, mature and younger customers all have different needs and expectations. Consequently, their impact on the success of the hotel industry also differs. Needless to say, the message here is loud and clear; satisfied customers will improve businesses and dissatisfied customers will have damaging effect on businesses. Hence, customer satisfaction is a factor that should be monitored and managed just like physical asset. In order to realise this, a business must be able to identify weaknesses and strengths of the company and manage them well from within.

Since the lifestyles and economic background of Malaysian are diverse, so do their hotels preferences. This has lead to the development of various standards of hotels. As at March 2011, the recorded number of hotels with the rating of one to five star were 841 units, comprising 78 five-star hotels, 137 four-star, 203 three-star, 250 two-star and 173 one- star hotels (Hotel Statistic. Retrieved 4<sup>th</sup> April 2011 from [www.hotels.org.my](http://www.hotels.org.my)).

### **Customer Satisfaction**

The quality of products or services rendered to customers determines customer's satisfaction (Poon & Low, 2005). Ignoring the impact of customer satisfaction would be a costly mistake for hotel operators if they intend to be in business for a long time. A satisfied customer, be it foreign or local, may lead to favourable words of mouth which have been proven as the best advertisement money can buy.

They may influence their friends and families to choose the same hotel. However, dissatisfied customers would spread their dissatisfaction and the result could be damaging to the hotel in point. The number of repeat customers would be reduced and new customers would find the hotel unattractive. This is further supported by Edvardsson (2005), in which his article stated that positive emotions would lead to positive word of mouth, while negative emotions may result in complaining behaviour.

Today's hotel employees in Malaysia are becoming less generous with their smiles and would prefer avoiding customers to avoid responsibilities. Friendly and courteous approach would make customers feeling welcomed and appreciated. Cronin and Taylor (1992) found that satisfaction would lead to purchase intention and it is also important because it leads to customer loyalty. Meeting customer's expectations to the level that the competitor find difficult to meet can ensure the sustainability. Hotel operators in Malaysia should also be proactive in promoting higher standards of performance and be aware of the needs of customers.

### **Customer Loyalty**

In the marketing point of view, one of the ways of measuring customer loyalty is through looking into customers frequency to purchase (Wulf, Oderken-Schroder & Lacobucci, 2001). For instance, there are many brands of toothpaste available in the market but Colgate remains a market leader due to brand loyalty.

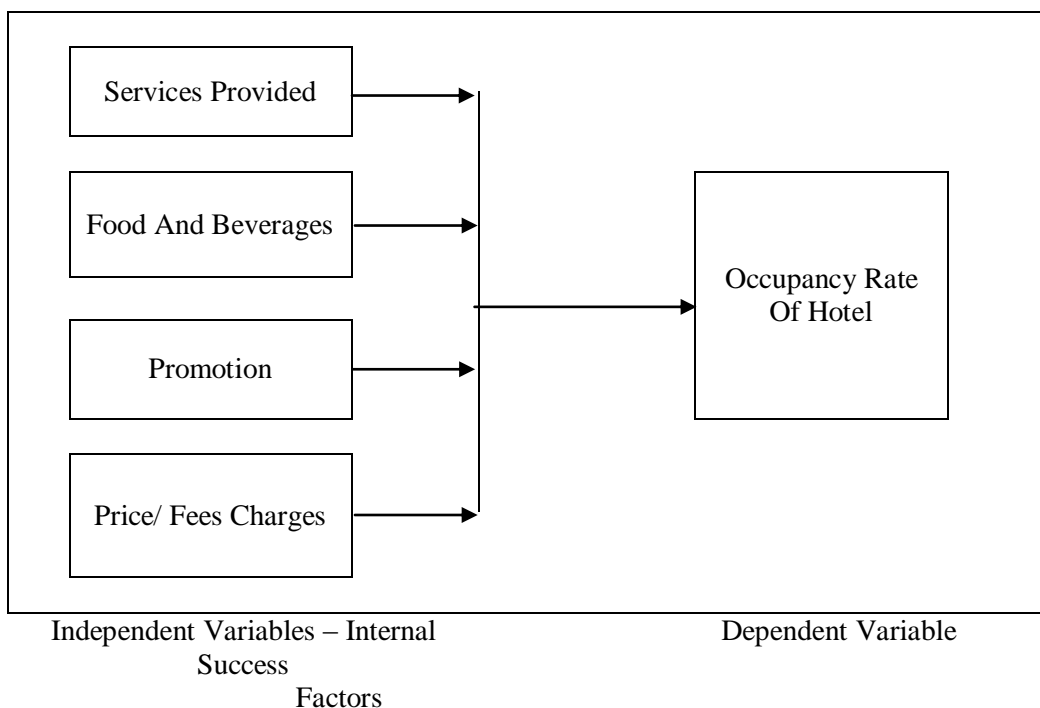
Likewise, in hospitable industry, to create customer loyalty, hotel operator's main function, among others, is to create awareness and to play with the emotions of the customers in order to maintain long-term relationship. A case in point; the Shangri-La and Hilton hotel chains. Guests would not think twice paying more for their accommodation and would likely to come back to the hotel because they are satisfied with the services. A 5 percent increase in customer loyalty has strong possibility that profits can increase from 25 per cent to 85 per cent as reported by Kandapully and Suhartanto (2000).

### **Customer Experience**

In a study by Edvarsson (2005), the services experience occurs when customer's cognitive, emotional and behavioural response as a result from service encounter and may stay in a person's long-term memory. He also added that satisfying experience is used to add the value to the service rendered. For example, a guest's positive experience with a particular hotel will greatly affect their future choice, whether to come back or not. Besides the services and facilities rendered, a number of other factors also make up of a favourable hotel experience (Matilla, 1999). A pleasant surrounding and ambiance of a hotel also plays a role in the length of customers' stay and hence money spent. However, unpleasant surrounding may lead to the opposite outcome. As such, hotel operators should provide the best service quality to customers to ensure customers have a memorable experience during their stay at the hotel. Customers' satisfactory experience are factors which are outside the control of the hotel operators (Saleh & Ryan, 1991).

### **Research Framework**

The research framework is formulated for the purpose of providing a working framework within which a body of laws, theories and concept are transformed into a simple research model (Zikmund, 2003). Based on the review of literatures, research framework was developed to answer the research questions of this study. This framework proposed that there is a relationship between the set of variables (services provided, food and beverages, promotion, and price/fees charges) with the occupancy rate of the hotel. These variables which are the internal success factors are the independent variables while the occupancy rate is the dependent variable.



**Figure 1: Schematic Diagram for Research Framework.** Source: Modified from Zikmund (2003)

### ***Dependent Variables***

The occupancy rate is determined by the customer awareness of the services of the hotel which is the dependent variable. The question [“Are you satisfied with the hotel?”] acts as controlling variables towards achieving the result to dependent variable which is occupancy rate of the hotel.

### ***Independent Variable***

An independent variable is one that influences the dependent variable in either a positive or negative way. In other words, the variance in the dependent variables is accounted by the dependent variable. The independent variables are:

**Services:** A series of intangible activities through interactions between customers and service employees or physical resources/good and service companies are presented as a solution for customers’ problems. (Gronroos, 1990)

**Room Pricing:** Room pricing is one of the most important aspects of hotels marketing strategies since it is one of the main influences in the customer purchase decision (Lockyer, 2005)

**Promotion:** Promotion is marketing strategies designed to pull the market (customers) to the hotel

**Food:** Providing wide selection food and beverages, outstanding facilities and unforgettable dining experience

### ***Research Methodology***

The main purpose of this research was to understand the internal success factor of hotel occupancy rate. A sample of questionnaire was adopted from the work of Nor Azah (2010) and Suhaiza et al. (2006) which was then altered and adapted to suit the researcher’s needs to study service quality rendered by hotel operators.

The questionnaire includes demographic information such as respondent’s age, gender, ethnic, marital status, occupation and monthly income. It also includes questions on factor that attract respondent to stay in the hotel and decision of respondent to stay in a particular hotel.

### ***Sampling Design***

The sampling frames used for sample selection were customers or respondents between the ages of 18 to 60 years old visiting the hotel. This research was conducted on 200 respondents of both foreign and local customers, male and female, the questionnaires were distributed. However, only 135 questionnaires returned to the researcher.

## **Questionnaire Design**

The questionnaire is design in such a way it self-administered. The questionnaire was in English and was kept simple to enable foreign and local customers to easily understand the questions since not all respondents are well versed in English. The questionnaires are divided into section A, B, and C.

Section A is designed towards socio-demographic variables, which includes age, gender, ethnicity, marital status, nationality, occupation and monthly income. Respondents were required to just tick in the boxes provided that best described them.

In Section B, the questions are designed according to the theoretical framework discussed earlier and was in the form of 5-point likert scale ranging from (1) 'Strong Agree' to (5) 'Strongly Disagree'. Respondents were required to circle the desired point on the likert-scale. The questions are related to factors that attract guest to stay in the hotel and it was further divided into 4 parts, which comprises of; Factor of Service, Factor of Food, Factor of Promotion, and Factor of Price

In Section C, there are twenty questions with regards to guests' decision to stay in a particular hotel. The questions in this section were also listed in the form of 5-point likert-scale ranging from (1) 'Strong Agree' to (5) 'Strongly Disagree' and they were required to circle the desired point on the likert-scale.

For clarity purposes, the questionnaire was designed and kept simple. Respondents were allowed to ask questions and researcher was present to assist respondents whenever possible.

## **Data Collection Methods and Procedures**

Two methods are employed to distribute the questionnaire. The first method is by placing sets of questionnaire at the receptionist counter in selected hotels. The second method used is by direct circulation of the questionnaire to respondents and a short session of answering the questionnaire was conducted with these respondents. Data and information were collected solely from a short question and answer session in which respondents were handed a set of questionnaires that took about an average of between 5 to 7 minutes to complete. Data collection was conducted all week long, during which researcher gave a brief description of the study and instructions on how to fill in the questionnaire.

## **Method of Analysis**

This study used two type of analysis. One is the descriptive statistics while the other is correlations statistic. This research used the Statistical Package for the Social Science (SPSS Version 11.5) in order to analyze the collected data. The first method is the descriptive statistic analysis. The data set is analyzed using SPSS descriptive frequency in percentage; mean and standard are first analyzed using descriptive analysis. The other method of analysis is correlation. The purpose of this analysis is to identify whether the internal factor is correlated to the hotel occupancy rate. The correlation co-efficient is scored between 0.00 – 1.00. A score of 1.00 would mean there is complete correlation between responses and scores of 0.00 would mean-there is none. The higher the coefficient, the greater the correlation is. The kinds of variable are dependent on the level of measurement of the answer categories and to the questions that form the variables in the analysis.

## **Data Analysis and Findings**

### **Analysis of Demographic Profiles of Respondents**

Researcher had successfully distributed 200 questionnaires but only a total of 135 questionnaires were returned. Table 1 shows the description of the profile of respondent. The questionnaire was missing on certain details due to no answer reported (error), however no missing questionnaires were reported. It was also reported that out of the total number of 135 respondents, 61 were male guests and 73 were female guests with each gender holds a percentile of 45.2 percent and 54.1 percent respectively. In Age Profile Description, it was reported that 56 respondents were between the ages of 26 to 35 years old and holding the highest percentage of 41.5 percent and represented the largest group for this study. The second highest group was between the ages of 18 to 25 years old category with a percentage of 36.3 percent. The rest of the respondents belonged to the 36 to 45 years old category with 22 respondents (16.3%) and finally 7 respondents (5.2%) belonged to the 46 to 55 years old category.

**Table 1: Profile of Respondent**

Profile Description	Category / Range	Frequency	Percent
Gender	Male	61	45.2
	Female	73	54.1
	No Answer	1	.7
	Total	135	100.0
Age	18-25	49	36.3
	26-35	56	41.5
	36-45	22	16.3
	46-55	7	5.2
	No Answer	1	.7
	Total	135	100.0
Marital Status	Single	63	46.7
	Married	71	52.6
	Others	1	.7
	Total	135	100.0
Ethnicity	Malay	105	77.8
	Chinese	6	4.4
	Indian	10	7.4
	Others	14	10.4
	Total	135	100.0
Nationality	Malaysian	116	85.9
	Others	15	11.1
	No Answer	4	3.0
	Total	135	100.0
Occupation	Student	40	29.6
	Clerical	14	10.4
	Officer	13	9.6
	Manager	4	3.0
	Business Owner	6	4.4
	Others	57	42.2
	No Answer	1	.7
	Total	135	100.0
Monthly Income	RM800-RM2000	32	23.7
	RM2001-RM3500	52	38.5
	RM3501-RM5000	22	16.3
	RM5001-RM6500	4	3.0
	RM6501-RM8000	1	.7
	RM8001 and above	2	1.5
	No Answer	22	16.3
	Total	135	100.0

In terms of marital status, it was reported that 71 respondents (52.6%) were married and 63 respondents (46.7%) were single. The majority of race according to ethnicity were Malay with 105 respondents (77.8%), followed by others with 14 respondents (10.4%), Indian with 10 respondents (7.4%) and finally Chinese with 6 respondents (4.4%). In terms of nationality, a majority of 116 respondents (85.9%) were Malaysian guests and the rest were of other nationality with 15 respondents (11.1%). However, there were 4 respondents (3.0%) reported with no answer to nationality but only 3 respondents were acceptable as 1 respondent was rejected earlier due to error.

In this study, respondents' occupations were divided into 6 groups; student, clerical, officer, manager, business owner and other occupation. As shown in Table 1 on Occupation Profile Description, the largest group was from the other occupation group, which make for 57 respondents (42.2%), followed by student 40 respondents (29.6%), clerical 14 respondents (10.4%), officer 13 respondents (9.6%), business owner 6 respondents (4.44%) and finally, manager with only 4 respondents (3.0%).



There are six groups of respondents’ monthly income. It was reported that respondents earning between RM 2001 to RM 3500 made up the majority of respondents with 52 respondents (38.5%), followed by 32 respondents (23.7%) earning between RM 800 to RM 2000, 22 respondents earning between RM 3501 to RM 5000, another 22 respondents (16.3%) was reported for no answer, 4 respondents (3.0%) were earning between RM 5001 to RM 6500, 2 respondents (1.5%) were earning RM 8001 and above.

**Factors That Contribute To Customer’s Satisfaction According To Ethnicity**

In this analysis, researcher looks into some of the factors that contribute to customer’s satisfaction in a hotel according to ethnicity. The first factor is an analysis on the cleanliness and excellent housekeeping. There were a total of 105 Malay respondents of whom 14 strongly agree, 50 agree, 34 neutral and 2 strongly disagree. This was followed by a total of 14 from other ethnic respondents with 2 strongly agree, 3 agree and neutral, 5 respondents disagree and only 1 respondent strongly disagree. There were 10 Indian respondents with 7 respondents agree, and 3 respondents neutral. Finally, the lowest number of respondents were 6 Chinese respondents with 4 respondents agree and 2 respondents neutral. From Table 2, majority of the respondents come from diverse ethnicity, most of whom agree that cleanliness and good housekeeping is one of the important factors for customer’s satisfaction, which leads to hotels’ internal success factors.

**Table 2: Ethnicity \* Cleanliness and housekeeping is in good condition Cross Tabulation**

		Cleanliness and housekeeping is in good condition					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Ethnicity	Malay	14	50	34	5	2	105
	Chinese		4	2			6
	Indian		7	3			10
	Others	2	3	3	5	1	14
Total		16	64	42	10	3	135

The second factor is the analysis on the convenient hotel location. From the majority of 105 Malay respondents, 27 respondents strongly agree, 43 respondents agree, 25 neutral, 8 Malay respondents disagree and 2 strongly disagree with the statement. This has further proven that majority of Malay respondents would prefer to stay in a hotel that is conveniently located. There were a total of 14 from other ethnicity respondents with 1 strongly agree, 6 agree, 1 other respondents being neutral, 5 other respondents answered disagree and only 1 other respondent was strongly disagree. Based from Table 3, half of the respondents from other ethnicity do not mind about the location of the hotel. However, the Chinese and Indian community regards the location of hotel as the most important factor in their decision. Based on Table 9 below, there were a total of 10 Indian respondents with 4 respondents strongly agree, another 4 respondents answered agree, 1 respondent agree and only 1 respondent disagree. Finally, the lowest number of respondents were 6 Chinese respondents with respondent strongly agree, 4 respondents agree and 1 respondent being neutral.

**Table 3: Ethnicity \* Convenient hotel location Cross Tabulation**

		Convenient hotel location					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Ethnicity	Malay	27	43	25	8	2	105
	Chinese	1	4	1			6
	Indian	4	4	1	1		10
	Others	1	6	1	5	1	14
Total		33	57	28	14	3	135

The third factor in this cross tabulation analysis is hotel operators providing Internet facilities in guests’ room (Table 4). The internet has become an important part of our lives since it was introduced in Malaysia back in 1995. Here researcher questions whether it was necessary to have internet facilities in the room. From the majority of 105 Malay respondents, 15 respondents strongly agree, 17 respondents agree, 33 neutral, 28 Malay respondents disagree and 12 strongly disagree with the statement.

The analysis suggests that majority of Malay respondents would prefer having internet facilities in their room. From the total of 14 respondents from other ethnicity 1 respondent answered strongly agree, 5 agree, 2 other respondents being neutral, both disagree and strongly disagree had 3 respondents each.

There were balance responses from the Indian respondents with total 4 respondents answered strongly agree and agree whilst another total of 4 respondents answered disagree and strongly disagree, and 2 respondents decided on being neutral.

The Chinese respondents were reported with 1 respondent answered strongly agree, 2 Chinese respondents agree, 2 respondents being neutral and only 1 Chinese respondent answered strongly disagree. Based on the analysis, researcher finds that internet facilities might have some contribution to hotel’s internal success factors and customer satisfaction.

**Table 4: Ethnicity \* Internet facilities in room Cross Tabulation**

		Internet facilities in room					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Ethnicity	Malay	15	17	33	28	12	105
	Chinese	1	2	2		1	6
	Indian	3	1	2		4	10
	Others	1	5	2	3	3	14
Total		20	25	39	31	20	135

The fourth cross tabulation analysis is hotel operators offering reasonable room rate. This analysis is to determine on whether reasonable room price had any influence towards the guest’s selection criteria before choosing hotel of their choice. From the majority total of 105 Malay respondents, 19 respondents strongly agree, 54 respondents agree, 25 respondents answered neutral, 7 Malay respondents answered disagree. From the total of 14 respondents from other ethnicity 1 respondent answered strongly agree, 4 agree, 3 other respondents being neutral, 4 respondents disagree and 2 respondents answered to strongly disagree. Majority of the 10 Indian respondents answered to being agreed with the statement. From the 10 Indian respondents, 5 respondents answered strongly agree, 4 respondents agree and only 1 respondent disagree.

The Chinese respondents were reported with 1 respondent answered strongly agree, 4 Chinese respondents agree and 1 respondent being neutral (Table 5). The analysis shown in Table 5 below shows that a strong positive number of respondents would agree that they prefer reasonable room price offered by hotel operators, which leads to contribution to hotel operators’ internal success factors.

**Table 5: Ethnicity \* Reasonable room price Cross Tabulation**

		Reasonable room price					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Ethnicity	Malay	19	54	25	7		105
	Chinese	1	4	1			6
	Indian	5	4		1		10
	Others	1	4	3	4	2	14
Total		26	66	29	12	2	135

The fifth and last factor is the analysis on the online booking facilities offered. Out of the majority total of 105 Malay respondents, 19 respondents answered strongly agree, 25 respondents agree, 31 neutral, 23 Malay respondents disagree and 6 strongly disagree with the statement. The analysis have shown that majority of the Malay respondents supports the online facilities offered by the hotel. However, there were a considerably number of Malay respondents who disagree or thought it was unnecessary to have an online booking facilities in order to achieve customer satisfaction. This is followed by respondents from other ethnicity with 4 respondents agree, 5 other respondents being neutral, 2 other ethnicity respondents answered disagree and 3 respondents were strongly disagree.

However, the total of 10 Indian respondents with 4 respondents strongly agrees and 6 respondents answered agree. Finally, the total of 6 Chinese respondents responded with 2 strongly agree, 2 agree and 2 respondents being neutral. There was a positive link between online booking facilities provided by hotel operators with customer satisfaction level according to respective ethnicity (Table 6).

**Table 6: Ethnicity \* Online booking facilities Cross tabulation**

		Online booking facilities						Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	No Answer	
Ethnicity	Malay	19	25	31	23	6	1	105
	Chinese	2	2	2				6
	Indian	4	6					10
	Others		4	5	2	3		14
Total		25	37	38	25	9	1	135

Based from the cross tabulation analysis above, researcher was able to highlight that majority of respondents had given positive feedback regardless of ethnicity background.

**Customer Satisfaction or Success Factor due to Service, Food, Promotion and Price**

The research framework is described by the finding of the preferences of respondents towards staying up in the hotel due to four (4) factors which are service, food, promotion and price. Hence the finding established from the correlation existed within the following factors indicated in the following sub-sections:

**1. Success Factor Due to Service**

The success factor due to service in relationship with the occupancy rate is shown in Table 7, the partial correlation coefficients of service.

**Table 7: Partial Correlation Coefficients of Service**  
Controlling for.. D.1(Are you satisfied with your choice of hotel?)

	B.1.1	B.1.2	B.1.3	B.1.4	B.1.5	B.1.6
B.1.1	1.0000	.6411	<b>.6957</b>	.6439	.5050	.5284
	( 0)	( 132)	( 132)	( 132)	( 132)	( 132)
	P= .	P= .000	P= .000	P= .000	P= .000	P= .000
B.1.2	.6411	1.0000	.5629	.4115	.3837	.4599
	( 132)	( 0)	( 132)	( 132)	( 132)	( 132)
	P= .000	P= .	P= .000	P= .000	P= .000	P= .000
B.1.3	<b>.6957</b>	.5629	1.0000	.6640	.4614	.6259
	( 132)	( 132)	( 0)	( 132)	( 132)	( 132)
	P= .000	P= .000	P= .	P= .000	P= .000	P= .000
B.1.4	.6439	.4115	.6640	1.0000	.6141	.5833
	( 132)	( 132)	( 132)	( 0)	( 132)	( 132)
	P= .000	P= .000	P= .000	P= .	P= .000	P= .000
B.1.5	.5050	.3837	.4614	.6141	1.0000	.6209
	( 132)	( 132)	( 132)	( 132)	( 0)	( 132)
	P= .000	P= .000	P= .000	P= .000	P= .	P= .000
B.1.6	.5284	.4599	.6259	.5833	.6209	1.0000
	( 132)	( 132)	( 132)	( 132)	( 132)	( 0)
	P= .000	P= .000	P= .000	P= .000	P= .000	P= .
B.1.7	.3612	.3456	.3126	.4994	.4865	.5207
	( 132)	( 132)	( 132)	( 132)	( 132)	( 132)
	P= .000	P= .000	P= .000	P= .000	P= .000	P= .000

(Coefficient / (D.F.) / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

The controlling variable: Are you satisfied with the hotel? (DI)

- B1.1. – Personnel in the hotel are responsive
- B1.2. - Personnel in the hotel are courteous
- B1.3. - Personnel in the hotel are friendly
- B1.4. - Cleanliness and housekeeping is in good condition
- B1.5. - Security system makes customer feel safe
- B1.6. - Information in this hotel is clear, accurate and reliable
- B1.7. - This hotel provides additional facilities (e.g. Gym etc)

All of the variables B1.1-1.7 are positively correlated, the highest being 0.6957 that is the correlation between B1.1 and B1.3. Correlation is significant (p value) at the 0.01 level (2 –tailed test). The result shows that there are strong positive correlations between having responsive and friendly personnel in the hotel and customer’s satisfaction.

**2. Success Factor Due to Food**

The success factor due to food in relationship with the occupancy rate is as shown in Table 8, the partial correlation coefficients of food.

Table 8: Partial Correlations Coefficient of Food  
Controlling for.. D.1

	B.2.1	B.2.2	B.2.3	B.2.4	B.2.5
B.2.1	1.0000	<b>.7741</b>	.7028	.6044	.6892
	( 0)	( 132)	( 132)	( 132)	( 132)
	P= .	P= .000	P= .000	P= .000	P= .000
B.2.2	<b>.7741</b>	1.0000	.7270	.6064	.5760
	( 132)	( 0)	( 132)	( 132)	( 132)
	P= .000	P= .	P= .000	P= .000	P= .000
B.2.3	.7028	.7270	1.0000	.7718	.6597
	( 132)	( 132)	( 0)	( 132)	( 132)
	P= .000	P= .000	P= .	P= .000	P= .000
B.2.4	.6044	.6064	.7718	1.0000	.6321
	( 132)	( 132)	( 132)	( 0)	( 132)
	P= .000	P= .000	P= .000	P= .	P= .000
B.2.5	.6892	.5760	.6597	.6321	1.0000
	( 132)	( 132)	( 132)	( 132)	( 0)
	P= .000	P= .000	P= .000	P= .000	P= .

(Coefficient / (D.F.) / 2-tailed Significance)  
". ." is printed if a coefficient cannot be computed

The controlling variable: Are you satisfied with the hotel? (DI)

- B2.1. - The hotel provides a variety of food
- B2.2. - Food provided at this hotel have a distinctive flavor
- B2.3. -This hotel always has a new idea in preparing their food.
- B2.4. -The hotel always has a new idea in presenting their food
- B2.5. -This hotel provides high quality/hygienic food

All of the variables B2.1-2.5 are positively correlated the highest being 0.7741 that is the correlation between B2.1 and B2.2. Correlation is significant (p value) at the 0.01 level (2 –tailed test). The result shows that there are strong positive correlations between the hotels providing variety of food to food provided by hotel having distinctive flavor. This has further shown that a wider selection of food with distinctive flavour would contribute to the success in the hotels’ customer service and eventually customer’s satisfaction.

### 3. Success Factor Due to Promotion

The success factor due to promotion in relationship with the occupancy rate is as shown in Table 9, the partial correlation coefficients of promotion.

**Table 9: Partial Correlation Coefficient of Promotion**  
Controlling for.. D.1

	B.3.1	B.3.2	B.3.3	B.3.4	B.3.5
B.3.1	1.0000	<b>.7221</b>	.6004	.5250	.5076
	( 0)	( 132)	( 132)	( 132)	( 132)
	P= .	P= .000	P= .000	P= .000	P= .000
B.3.2	<b>.7221</b>	1.0000	.6646	.6307	.5804
	( 132)	( 0)	( 132)	( 132)	( 132)
	P= .000	P= .	P= .000	P= .000	P= .000
B.3.3	.6004	.6646	1.0000	.6679	.7191
	( 132)	( 132)	( 0)	( 132)	( 132)
	P= .000	P= .000	P= .	P= .000	P= .000
B.3.4	.5250	.6307	.6679	1.0000	.6650
	( 132)	( 132)	( 132)	( 0)	( 132)
	P= .000	P= .000	P= .000	P= .	P= .000
B.3.5	.5076	.5804	.7191	.6650	1.0000
	( 132)	( 132)	( 132)	( 132)	( 0)
	P= .000	P= .000	P= .000	P= .000	P= .

(Coefficient / (D.F.) / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

The controlling variable: Are you satisfied with the hotel? (DI)

- B3.1.-Pamphlets and advertisement posters are visually appealing.
- B3.2.- Campaign conducted by the hotel stated clearly the services provided.
- B3.3.- Promotions by this hotel is appealing and impressive
- B3.4.- Customer receives what shown in the pamphlets and advertisements
- B3.5.- The hotel is sincere in their promotion.

All of the variables B3.1-3.5 are positively correlated the highest being 0.7221 that is the correlation between B3.1 and B3.2. Correlation is significant (p value) at the 0.01 level (2 –tailed test). The result shows that there are strong positive correlations between the hotels pamphlets and advertisement posters being visually appealing and the promotional campaign conducted by the hotel clearly stated services provided. The result has further shown that by offering visually appealing pamphlets and advertisement as promotional tools, this would lead to campaign that states clearly about the service provided by the hotel and in return would lead to successful occupancy rate by enticing potential guests and keeping the current ones.

### 4. Success Factor Due to Pricing

The success factor due to pricing in relationship with the occupancy rate is as shown in Table 10, the partial correlation coefficients of pricing.

**Table 10: Partial Correlation Coefficient of Price**  
Controlling for.. D.1

	B.4.1	B.4.2	B.4.3	B.4.4	B.4.5
B.4.1	1.0000	.7069	.7052	.4418	.5002
	( 0)	( 132)	( 132)	( 132)	( 132)
	P= .	P= .000	P= .000	P= .000	P= .000
B.4.2	.7069	1.0000	.6709	.5757	.5826
	( 132)	( 0)	( 132)	( 132)	( 132)
	P= .000	P= .	P= .000	P= .000	P= .000
B.4.3	.7052	.6709	1.0000	.4635	.5229
	( 132)	( 132)	( 0)	( 132)	( 132)
	P= .000	P= .000	P= .	P= .000	P= .000
B.4.4	.4418	.5757	.4635	1.0000	<b>.7113</b>
	( 132)	( 132)	( 132)	( 0)	( 132)
	P= .000	P= .000	P= .000	P= .	P= .000
B.4.5	.5002	.5826	.5229	<b>.7113</b>	1.0000
	( 132)	( 132)	( 132)	( 132)	( 0)
	P= .000	P= .000	P= .000	P= .000	P= .

(Coefficient / (D.F.) / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

The controlling variable: Are you satisfied with the hotel? (DI)

B4.1. –The price offered by this hotel is reasonable

B4.2.- The price offered by this hotel is attractive

B4.3.- The price offered by this hotel is justified by the services provided

B4.4.- This hotel offers a special price to their regular customer.

B4.5.- This hotel offers a special price on selected days.

All of the variables B4.1-B4.5 are positively correlated the highest being 0.7113 that is the correlation between B4.4 and B4.5. Correlation is significant (p value) at the 0.01 level(2 –tailed test). The result shows that there are strong positive correlations between the hotels’ special price offered to their regular customer and special price offered on selected days. Offering special price and rates would create special bond with their regular customers and at the same create loyalty, which also contributes to stable revenues.

### Guest Satisfaction with Hotel Choice

Researcher used Spearman’s correlation coefficient to report the analysis and findings on guests’ satisfaction with their hotel of choice. Researcher was able to generate the report. The reports of such findings are discussed further. Bear in mind that the value of Spearman’s correlations can fall between 0.00 for no correlations and 1.00 for perfect correlations. Results of positive items with two asterix (\*\*) indicate a high coefficient confidence level as significant and are positively correlated and one asterix (\*) indicates second best confidence level and still significant. Negative items with asterix are still significant and negatively correlated.

Still using the question “Are you satisfied with you are choice of hotel?” as controlling variable. There was a statistically significant (p<. 001) positive correlation coefficient of (.258) between are you satisfied with your choice of hotel (controlling variable) and cleanliness and housekeeping is in good condition as the two variables is one which the values of one variables increases so as the other variable. In this situation, cleanliness plays a crucial role in satisfying guest’s choice of hotel (Table 11).

**Table 11: Correlations between Controlling Variable and Cleanliness and Housekeeping is in Good Condition**

			Are you satisfied with your choice of hotel?	Cleanliness and housekeeping is in good condition
Spearman's rho	Are you satisfied with your choice of hotel?	Correlation Coefficient	1.000	.258(**)
		Sig. (2-tailed)	.	.003
		N	135	135
	Cleanliness and housekeeping is in good condition	Correlation Coefficient	.258(**)	1.000
		Sig. (2-tailed)	.003	.
		N	135	135

\*\* Correlation is significant at the .01 level (2-tailed).

A statistically significant positive correlation coefficient of (.224) between are you satisfied with your choice of hotel and security system makes customer feel the safety as the two variables is one which the values of one variables increases so as the other variable. In this situation, security system makes customer feels safe and satisfied (Table 12).

**Table 12: Correlations between Controlling Variable and Security System Makes Customer Feel the Safety**

			Are you satisfied with your choice of hotel?	Security system makes customer feel the safety
Spearman's rho	Are you satisfied with your choice of hotel?	Correlation Coefficient	1.000	.224(**)
		Sig. (2-tailed)	.	.009
		N	135	135
	Security system makes customer feel the safety	Correlation Coefficient	.224(**)	1.000
		Sig. (2-tailed)	.009	.
		N	135	135

\*\* Correlation is significant at the .01 level (2-tailed).

A statistically significant positive correlation coefficient of (.240) between are you satisfied with your choice of hotel and information in the hotel is clear, accurate and reliable as the two variables is one which the values of one variables increases so as the other variable. In this situation, information in the hotel was clear, accurate and reliable which contributes to customer satisfaction (Table 13).

**Table 13: Correlations between Controlling Variable and Information in This Hotel is Clear, Accurate and Reliable**

			Are you satisfied with your choice of hotel?	Information in this hotel is clear, accurate and reliable
Spearman's rho	Are you satisfied with your choice of hotel?	Correlation Coefficient	1.000	.240(**)
		Sig. (2-tailed)	.	.005
		N	135	135
	Information in this hotel is clear, accurate and reliable	Correlation Coefficient	.240(**)	1.000
		Sig. (2-tailed)	.005	.
		N	135	135

\*\* Correlation is significant at the .01 level (2-tailed).

Positive correlation coefficient of (.215) between are you satisfied with your choice of hotel and hotels' additional activities provided information in the hotel is clear, accurate and reliable as the two variables is one which the values of one variables increases so as the other variable. In this situation, hotel providing additional activities would satisfy customer information in the hotel was clear, accurate and reliable which contributes to customer satisfaction (Table 14).

**Table 14: Correlation between Controlling Variable and This Hotel Provides Additional Activity**

			Are you satisfied with your choice of hotel?	This hotel provides additional activities
Spearman's rho	Are you satisfied with your choice of hotel?	Correlation Coefficient	1.000	.215(*)
		Sig. (2-tailed)	.	.012
		N	135	135
	This hotel provides additional activities	Correlation Coefficient	.215(*)	1.000
		Sig. (2-tailed)	.012	.
		N	135	135

\* Correlation is significant at the .05 level (2-tailed).

A strong statistically significant positive correlation coefficient of (.225) between “Are you satisfied with your choice of hotel” and this hotel provided a variety of food as the two variables is one which the values of one variables increases so as the other variable. In this situation, the hotel guests was thrill to have variety of food to choose from, making them satisfied with their stay refer Table 15.



**Table 15: Correlations between Controlling Variable and This Hotel Provides a Variety of Food**

			Are you satisfied with your choice of hotel?	This hotel provides a variety of food
Spearman's rho	Are you satisfied with your choice of hotel?	Correlation Coefficient	1.000	.225(**)
		Sig. (2-tailed)	.	.009
		N	135	135
	This hotel provides a variety of food	Correlation Coefficient	.225(**)	1.000
		Sig. (2-tailed)	.009	.
		N	135	135

\*\* Correlation is significant at the .01 level (2-tailed).

Below are analysis based on simple closed ended questions towards the guests in order for researcher to evaluate the overall performance rate amongst Malaysian hotels based on their (guests) level of satisfaction (Table16). It was humbly to report that majority of guest are satisfied with choice of hotel with 129 respondents (95.6%) saying yes. For the question to the guests on “would you stay in the same hotel again”, majority answered yes with 126 respondents (93.3%). The last question was, “would guests recommend the hotel to friends”. The majority of the answers were surprisingly, yes, with 129 respondents (95.6%).

**Table 16: Information of Customer Satisfaction And Loyalty**

Information Description	Category	Frequency	Percent
Are you satisfied with your choice of hotel?	Yes	129	95.6
	No	6	4.4
	Total	135	100.0
Would you stay at the same hotel again?	Yes	126	93.3
	No	8	5.9
	No answer	1	.7
	Total	135	100.0
Would you recommend the hotel to your friend?	Yes	129	95.6
	No	6	4.4
	Total	135	100.0

In sum, guests were satisfied with the services provided by the hotel (internal factors) operators and met customers' expectation. Researcher was satisfied with the result as it has answered the first and second research objectives for this study which were determining the important criteria that have greatest impact on the internal success factor of hotel occupancy rate, and the answer to the first research objective would be providing superior customer service quality to be successful.

The second research objective is discusses in the conclusion and recommendation. Hotel operators can benefit from this information in their pursuit for superior customer service through focus on these key areas highlighted as to increase the level of customer satisfaction. Thus, by stressing on these factors, hotel operators can have greater chance in increasing sales and profits.

### ***Discussion of the Finnding***

From the findings of the data analysis, the guests were satisfied with the services provided by the hotel (internal factors) operators and met customers' expectation.

Researcher was satisfied with the result as it has answered the first and second research objectives for this study which were determining the important criteria that have greatest impact on the internal success factor of hotel occupancy rate, and the answer to the first research objective would be providing superior customer service quality to be successful.

Hotel operators can benefit from this information in their pursuit for superior customer service through focus on these key areas highlighted as to increase the level of customer satisfaction. Thus, by stressing on these factors, hotel operators can have greater chance in increasing sales and profits.

The aim of these analysis and findings was to provide a complete description of the analysis and findings in sufficient details in order to allow reader to replicate the study. Research analysis was done to further identify the internal factors that contribute to a hotel's success or failure through identifying the needs and demands of today's guests and to identify specific areas of improvements. In relation to the research questions, the answer for the first question; researcher did identify that customer service quality was the most important criteria in determining the internal success factor of hotel occupancy. Improved customer service would create loyalty amongst guests and eventually create repeat customers.

The answer for the second question was, by identifying the key areas that need focus and improvement, hotel operators and management should; aggressively promote their hotel more towards the Malay group, as they are earning average income. The hotel should also concentrate on the Malay students section by offering reasonable price for functions and students activities. Moreover, online bookings should be used extensively to facilitate advance bookings.

Research also indicated that food was also a major factor in customer satisfaction. In this case, hotel operators should provide the best of Malaysian cuisine at affordable price since majority of respondents were of middle income earners. Finally, it was found that although majority of the respondents or guests were satisfied with their hotel of choice, the hotel operators should continuously find ways to improve their operations through extensive research and further studies.

### ***Conclusions and Recommendations***

This study attempted to find the important internal factors that contribute to the success of a hotel occupancy rate and on the selection of hotel accommodation among Malaysians and foreign guests. It was found that the demographic backgrounds of Malaysians and foreign guests had significant relationship with the selection criteria of hotel accommodation. The analysis of selection criteria generated by frequency report based on the demographic backgrounds of respondents showed that age, marital status, gender, ethnic, occupation and monthly income influenced how respondents selected their hotel accommodation, which in return contributed to the hotels' room occupancy.

Based on the analysis and findings, female made up the largest (73) respondents and visitors to the hotel of their choice (54.1%). A total of 56 respondents (41.5%) were between the ages of 26 to 35 years old. It was also discovered that married respondents were the majority visitors with 71 responds (52.6%) and Malaysian guests were the biggest contributor to researchers' collection of survey with 116 respondents (85.9%). Surprisingly, respondents working under 'others category' were the majority with 57 respondents (42.2%) followed by students with 40 respondents (29.6%), and those earning between RM 2001 to RM 3500 were the majority of hotel guests.

The ethnicity analysis reported that Malay were the majority of guests with a total of 105 respondents. However, regardless of their ethnicity background, the cross tabulation analysis suggested that customer's satisfaction are identical as findings showed that factors such as; cleanliness and housekeeping in good condition, convenient location, Internet facilities, reasonable room price and online booking facilities have positive relationship in meeting customer's expectations and fulfilling their thirst for satisfactions.

The correlation coefficient analysis for customer satisfaction and hotels' success factor due to service, food, promotion and price has shown that all four factors had strong, positively correlated relationship.

Another correlation coefficient analysis was conducted on other factors which were the cleanliness, excellent housekeeping, reliable security system, clear, accurate and reliable information provided by the hotel and a wide selection of food and beverages. The result again showed a positive correlated relationship between the controlling variable and the factors. This has further proven that customer satisfaction was crucial in determining hotels' successful occupancy.

Much has been said about the current standard of service of local hotels which sometimes are well below the international standard. Yet, the analysis stated in from Tables 18,19, and 20 reported otherwise. It was noted that majority of the guests were satisfied with the hotel of their choice and would likely become repeat customers.

The objectives of this study are to determine the internal success factor of hotel occupancy rate and the researcher was in the opinion that outstanding quality customer service played the most important part in meeting the said objective. Notably, the success of the hotel industry largely depends on the ability of the management to identify and thus understanding customers' need and wants. With wide range of hotels to choose from, customers reign supreme. There can be other internal factors that lead to success but the most important in the service and hospitality industry would be fulfilling customers' satisfaction through quality service at reasonable costs.

Depending on the demographic background, the choices and needs of customers vary from one to another but they have the same common needs, which is good quality service. Providing quality service is not limited to just qualities provided by employee of the hotel but also facilities and environment of the hotel. If a hotel was able to meet or exceed customers' level of expectations, their satisfaction level increases. Satisfaction will later lead to willingness to come back to the same hotel and tendency to recommend others to stay in the same hotel. Dissatisfied customers would likely do otherwise.

The number of hotels in Malaysia are mushrooming each year and in order to survive in this highly competitive industry, hotel operators must ensure that their services and facilities meet, or better still exceed the standard set by Ministry of Tourism, Malaysia. The Ministry has set minimum requirements for rating of hotels, which include safety standard, front desk service, food and beverage, room, food and recreation facilities ([www.hotels.org.my](http://www.hotels.org.my)). To maintain the rating of one's hotel, these requirements must be complied with in an earnest. Furthermore, researcher also recommends that the Ministry of Tourism, Malaysia to consistently review the standards and to compare them with the Malcolm Baldrige National Quality Award (MBNQA), a United States owned company won the best award for hospitality industry for being able to provide the service in the hospitality far exceeded the customer's expectations.

The management of a hotel should have realised the importance of meeting the need and demands of the customers to stand head and shoulders with their competitors. It may cost the company financially in a short run, yet the long-term gains is immeasurable. Indeed, this study can serve as guidelines to hotel operators in general to determine the important selection criteria of hotel accommodation and hopefully this study will serve as reference for students planning to do a study of the same nature.

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