Customer Engagement and Response Toward an Extended-Stay Hotel: A Case Study of Grande Centre Point Hotel

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ABSTRACT

The purpose of this study was to assess the level of engagement and response of extended-stay customers of the Grande Centre Point Hotel Ratchadamri, Bangkok, Thailand. The research instrument consisted of a three-part questionnaire covering customer demography, customer engagement, and customer response. Purposive sampling from customers staying in the hotel longer than 30 days and a self-administered questionnaire were used for data gathering from 138 respondents in March 2012. Data analysis included both descriptive and inferential statistics.

The research results showed that most of respondents were male (89.1%), aged between 20 and 49 years (81.2%), with a monthly income of less than USD 10,000 (55.8%), and working for private companies (62.3%).

Regarding customer engagement, respondents gave higher scores for functional engagement than emotional engagement. Most of the engagement factors were at the "high" level, except for "hotel location" which was at the "very high" level and for "staff service mind" which was at the "medium" level. For the Customer response category, respondents gave a "high" level for all factors.

Based on hypothesis testing at the .05 significance level, respondents with different gender, age, occupation, and income were significantly different in their engagement levels, while respondents with different age, occupation, and income were significantly different in their response levels.

Keywords: extended-stay hotel, customer engagement, customer response

บทคัดย่อ

วัตถุประสงค์ของการวิจัย เพื่อศึกษาระดับความผูกพันและการตอบสนองของลูกค้าที่พักระยะยาวในโรงแรมแกรนด์เซ็นเตอร์พอยท์ราชดำริ กรุงเทพมหานคร วิธีการสุ่มตัวอย่างเป็นแบบเจาะจง (Purposive sampling) จากกลุ่มลูกค้าที่เข้าพักระยะยาวในโรงแรมนานกว่า 30 วัน ขนาดตัวอย่างเท่ากับ 138 แบบสอบถามในการวิจัยแบ่งเป็น 3 ส่วน ประกอบด้วย คำถามด้านประชากรศาสตร์ คำถามด้านความผูกพัน และคำถามด้านการตอบสนองของลูกค้า การเก็บข้อมูลเก็บในเดือนมีนาคม 2555 โดยให้ผู้ตอบแบบสอบถามกรอกข้อมูลในแบบสอบถามด้วยตนเอง สถิติที่ใช้ในการวิเคราะห์ประกอบด้วยสถิติเชิงพรรณนาและสถิติเชิงอนุมาน

ผู้ตอบแบบสอบถามส่วนใหญ่เป็นเพศชาย

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(89.1%) อายุระหว่าง 20-49 ปี (81.2%) รายได้ต่อเดือนต่ำกว่า 10,000 เหรียญสหรัฐอเมริกา (55.8%) และทำงานในบริษัทเอกชน (62.3%) ผลจากการวิจัย ในส่วนของความผูกพันของลูกค้า (Customer engagement) พบว่า ผู้ตอบแบบสอบถามมีระดับความผูกพันด้านบริการ (Functional engagement) สูงกว่าความผูกพันด้านอารมณ์ (Emotional engagement) หากพิจารณาแต่ละปัจจัยความผูกพัน พบว่า ปัจจัยความผูกพันส่วนใหญ่อยู่ในระดับ "สูง" ยกเว้น ปัจจัย "การมีจิตใจให้บริการของพนักงาน" มีระดับความผูกพัน "ปานกลาง" และ ปัจจัย "ทำเลที่ตั้งของโรงแรม" มีระดับความผูกพัน "สูงมาก" ในส่วนของการตอบสนองของลูกค้า (Customer response) พบว่า ผู้ตอบแบบสอบถามมีการตอบสนองในระดับ "สูง" ในทุกปัจจัย

จากการทดสอบสมมติฐาน ณ ระดับนัยสำคัญทางสถิติ .05 พบว่า ผู้ตอบแบบสอบถามที่มีเพศ อายุ อาชีพ และรายได้ที่แตกต่างกัน มีระดับความผูกพันต่อโรงแรมที่แตกต่างกัน และในส่วนของการตอบสนองของลูกค้า พบว่า ลูกค้าที่มีอายุ อาชีพ และรายได้ที่แตกต่างกัน มีระดับการตอบสนองต่อโรงแรมที่แตกต่างกัน

คำสำคัญ: โรงแรมพักระยะยาว ความผูกพันของลูกค้า การตอบสนองของลูกค้า

INTRODUCTION

Tourism is the major service industry in Thailand, accounting for around 7 percent of Gross Domestic Product. In 2011, the number of foreign visitors to Thailand was 19.2 million which generated income for the country of THB 776.2 billion. Even though Bangkok had experienced two recent major crises (political unrest in 2010 and extensive flooding in 2011), the growth rate of foreign visitors in 2011 and 2012 increased by 20.67 and 15.98 percent, respectively (Department of Tourism, 2013; World Travel & Tourism Council,

2012). Bangkok, as the capital city of Thailand, is the main destination of foreign visitors either for leisure or business, so there is a high competition among hotel operators especially in the Central Business District (CBD).

The number of hotel rooms in Bangkok was 93,319 rooms, with an occupancy rate of 50.4 percent and 60.4 percent in 2010 and 2011, respectively and the average proportion of foreign compared to local occupants was 69.5 percent (Department of Tourism, 2013; The Bank of Thailand, 2013). Grande Centre Point Hotel Ratchadamri has positioned itself to be more oriented to extended-stay foreign occupants with the aim of stability of income flow throughout the year and thus a reduction in crisis and seasonal effects. To achieve this goal, the hotel's management strives to serve current and prospective customers beyond their expectations to gain repeat visits and word-of-mouth new custom through customer engagement.

The objective of this study was to investigate the level of engagement and response of extended-stay customers of the Grande Centre Point Hotel Ratchadamri, Bangkok, Thailand. The research results of this study would be beneficial to hotel operators in Bangkok's CBD in improving engagement with their extended-stay customers and to retain current customers as well as acquiring new customers.

LITERATURE REVIEW

Grande Centre Point Hotel Ratchadamri is a four star hotel with 526 rooms and is situated in Bangkok's CBD where there is high rivalry with nearby competitors. Lessons learned from the two major crises in Bangkok in 2010 and 2011 have resulted in the hotel management giving more importance to extended-stay customers, that is, those who stay longer than 30 days. The staff are committed to improving their services in order to impress customers and create customer engagement

at every touch point for business success and sustainability.

Customer engagement has been defined by many marketing researchers. Patterson, Yu, and de Ruyter. (2006) stated that it is the level of a customer's physical, cognitive, and emotional presence in their relationship with a service organization. Vivek, Beatty and Morgan (2012) defined it as the intensity of an individual's participation and connection with the organization's offerings and activities initiated by either the customer or the organization. Bowden (2009) conceptualized it as a process and defined it as a psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand. Van Doorn et al. (2010) defined it as customers' behavioral manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers such as word-of-mouth activity, recommendations, helping other customers, blogging, and writing reviews.

PeopleMetrics (2012), a marketing consulting and research firm, has developed a customer engagement model for use in its survey research in various industries and countries. The model consists of six emotional engagement perspectives (Authentic, Attentive, Engaged employee, Reputation, Accountable, and Value) and two functional engagement perspectives (Product delivery and Product/service quality). The results of customer engagement can be reflected by the customer response through the degree of their retention, advocacy, effort, and passion after purchasing or experiencing products/services provided (Lantz, 2012a, 2012b). The survey by PeopleMetrics (Anonymous, 2008) showed that hotels that do a better job of engaging their guests also have better financial results.

An extended stay is defined as when guests have stayed in the hotel longer than 30 days. They may have an extended-stay in the hotel for various reasons, such as corporate relocation, embassy relocation, long-term business assignment, or long-term consulting and training assignments (Serlen, 2002). As extended-stay guests, customers are able to gain many benefits from access to hotel facilities and services, such as, restaurants and bars, fitness center, swimming pool, business centers, lounges, service desks, shuttle service, etc. while the hotel can rely on a more steady income flow throughout the year and reduced risk of any seasonal tourism effect.

METHODOLOGY

The target group of this study was business owners and managers of foreign companies as well as officers of foreign embassies in Thailand, who were on an extended-stay at the Grande Centre Point Hotel Ratchadamri during March 2012. The total population in March was 200. The sample size with a significance level of .05 was 134 (Yamane, 1967). Purposive sampling was used for data collection from customers who had stayed in the hotel longer than 30 days, totaling 138 respondents. The respondents were solicited to respond to a self-administered questionnaire in English.

The questionnaire had three parts. The first part contained questions on the demographic characteristics of the respondent consisting of gender, age, occupation, and monthly income. Questions in the second part related to the respondent's opinion on factors affecting customer engagement after experiencing Grande Centre Point Hotel Ratchadamri services which were segregated into the following perspectives: Authentic, Attentive, Engaged employee, Reputation, Accountable and Value, Service delivery and Service/product quality (PeopleMetrics, 2012). The last part involved questions on the hotel regarding the staff's retention, advocacy, effort, and passion. The five-point Likert scale was used in the second and third parts of the questionnaire with values of: 1 = strongly disagree;

2 = disagree; 3 = neutral; 4 = agree; and 5 = strongly agree. After validity and reliability testing using 30 questionnaires, the Cronbach's alpha was 0.863.

Descriptive statistics and inferential statistics were used in this study. The descriptive statistics consisted of frequency, mean, and standard deviation, while the inferential statistics were *t*-test, One-way Analysis of Variance, and Scheffe's Analysis.

Hypothesis tests in this study involved the differences among the three groups of factors of customer demographic characteristics, customer engagement, and customer response. The hypotheses were:

H_1 Customers with different demographic characteristics are significantly different in their engagement toward Grande Centre Point Hotel Ratchadamri.

H_2 Customers with different demographic characteristics are significantly different in their response toward Grande Centre Point Hotel Ratchadamri.

RESULTS

Demographic Characteristics

The demographic characteristics of the extended-stay respondents in the Grande Centre Point Hotel Ratchadamri were summarized as: male (89.1%); between 20 and 49 years old (81.2%); personal monthly income of less than USD 10,000 (55.8%) and more than USD 10,000 (44.2%); and worker of foreign private companies (62.3%).

Customer Engagement

The research results regarding respondents' opinions on both emotional engagement perspectives (Authentic, Attentive, Engaged employee, Reputation, Accountable, and Value) and functional engagement perspectives (Service delivery and Product/service quality) are shown in Table 1. Both the functional engagement perspectives have higher mean scores than any of the emotional engagement perspectives.

The two top mean scores from the emotional engagement perspectives were Authentic and Accountable with scores of 3.76 and 3.70, respectively, while the bottom two mean scores were Engaged employee and Reputation with score of 3.35 and 3.44, respectively. Most engagement factors under all emotional engagement perspectives were at the "high" level, with only "staff's service mind" at the "medium" level.

Under functional engagement perspectives, the mean scores of Product/service quality and Product delivery were 4.24 and 3.70, respectively. Considering these two perspectives, engagement factors at the "very high" level were "location" and "cleanliness" of the hotel with mean scores of 4.26 and 4.22, respectively.

Customer Response

Customer response levels after engagement with Grande Centre Point Hotel Ratchadamri products and services are shown as in Table 2. The highest score was for "retention" with a mean score of 3.93, while the lowest score was for "effort" with a mean score of 3.38. However, all customer response factors were at the "high" level.

Hypotheses Testing

The *t*-test, One-way ANOVA, and Scheffe's analysis were used for hypotheses testing. All statistical tests were at the significance level of .05. The results of hypotheses testing on the differences among customer engagement factors regarding their demographic characteristics (gender, age, occupation, and income) are shown in Table 3.

Respondents of different genders had different opinion levels on customer engagement for the engaged employee and reputation perspectives, with females giving higher engagement scores than males. Respondents in different age groups had different opinion levels on customer engagement from the being accountable and product/service quality perspectives. Moreover, under the accountable

perspective, the "more than 60 years old" age group gave higher engagement scores than any of the younger age groups, while under the product/service quality perspective, respondents in the "less than 20 years old" age group gave lower engagement scores than any other age group.

Respondents with different occupations had

Table 1 Customer engagement

Factor	$\overline{\text{x}}$	SD
Authentic	3.76	0.676
1. I feel safe under the hotel's crisis management plan, such as in a flooding crisis and political crisis	3.78	0.781
2. When my problem arises, I can count on the hotel to reach a fair and satisfactory solution	3.73	0.720
Attentive	3.55	0.699
3. I felt hotel staff are very attentive	3.52	0.848
4. Hotel staff that I had contact with offered me appropriate choices	3.59	0.670
Engaged employee	3.35	0.794
5. Hotel staff went above and beyond to meet my needs	3.50	0.697
6. All hotel staff have a service mind	3.20	1.093
Reputation	3.44	0.659
7. This hotel is on top of my list	3.46	0.746
8. This hotel is a perfect hotel for people like me	3.42	0.733
Accountable	3.70	0.652
9. Hotel staff always delivery what they promise	3.67	0.727
10. Hotel staff respond to my request immediately	3.72	0.745
Value	3.49	0.579
11. Hotel staff that I had contact with treat all customers equally	3.47	0.653
12. Hotel staff that I had contact with valued me as a customer	3.50	0.653
Service delivery	3.70	0.698
13. The service process was efficient	3.51	0.839
14. There was an appropriate variety of service offerings, such as, coffee & tea in the lobby and DVD movies	3.90	0.748
Service/product quality	4.24	0.527
15. This hotel is the best location for me	4.26	0.665
16. Room and public areas always clean	4.22	0.580

Table 2 Customer response

Customer response factor	$\overline{\text{x}}$	SD
I will continue to choose and return to this hotel (Retention)	3.93	0.635
I will recommend this hotel to my friends or associates (Advocacy)	3.79	0.610
I will defend the hotel against negative comments from others (Effort)	3.38	0.718
I love this hotel (Passion)	3.55	0.726
Total	3.66	0.553

different opinion levels on customer engagement from only the service delivery perspective, as the "private company workers" group gave higher engagement scores than the "business owner" group. Respondents with different income levels had different opinion levels on customer engagement from only the engaged employee perspective, with the "less than USD 5,000" income group giving

higher engagement scores than the "USD 5,001 to 10,000" income group.

The results of the hypothesis testing on the differences among customer responses regarding demographic characteristics (gender, age, occupation, and income) are shown in Table 4. All statistical tests were at the significance level of .05.

The results from the statistical analyses

Table 3 Differences in customer engagement based on demography

Customer engagement perspective	Gender	Age	Occupation	Income
Authentic	×	×	×	×
Attentive	×	×	×	×
Engaged employee	(1) < (2)	×	×	(1) > (2)
Reputation	(1) < (2)	×	×	×
Accountable	×	(1) < (5); (2) < (5); (3) < (5); (4) < (5)	×	×
Value	×	×	×	×
Service delivery	×	×	(1) > (2)	×
Service/product quality	×	(1) < (2); (1) < (4); (1) < (5)	×	×

Remark:

$p < .05$, × = Insignificant

Gender: (1) = Male; (2) = Female

Age (years): (1) = 20-29, (2) = 30-39, (3) = 40-49, (4) = 50-59, (5) = more than 60

Occupation: (1) = Private company, (2) = Business owner, (3) = Government officer, (4) = Others

Income (USD): (1) = less than 5,000, (2) = 5,001-10,000, (3) = 10,001-15,000, (4) = more than 15,000

Table 4 Differences in customer response based on demography

Customer response	Gender	Age	Occupation	Income
Retention	×	(1) < (5); (2) < (5); (3) < (5)	×	(1) < (2); (1) < (3)
Advocacy	×	(1) < (5); (2) < (5); (3) < (5); (4) < (5)	(1) > (2); (2) < (3)	×
Effort	×	×	×	×
Passion	×	(1) < (5); (2) < (5); (3) < (5); (4) < (5)	×	×

Remark:

$p < .05$, × = Insignificant

Gender: (1) = Male; (2) = Female

Age (years): (1) = 20-29, (2) = 30-39, (3) = 40-49, (4) = 50-59, (5) = more than 60

Occupation: (1) = Private company, (2) = Business owner, (3) = Government officer, (4) = Others

Income (USD): (1) = less than 5,000, (2) = 5,001-10,000, (3) = 10,001-15,000, (4) = more than 15,000

showed that gender was not responsible for any different response levels in any area, However, respondents in different age groups had different response levels in the areas of "retention", "advocacy", and "passion," whereby respondents in the "more than 60 years old" age group gave higher response scores than in all the younger age groups.

The hypothesis test results on occupation showed that respondents with different occupations had different response levels in only the "advocacy" area, where "private company worker" and "government officer" both had higher response scores than "business owner."

For the hypothesis testing on the personal monthly income levels, respondents with different income levels gave different response levels in only the "retention" area, with respondents in the "less than USD 5,000" income category having lower response scores than respondents in both the "USD 5,001 to 10,000" and "USD 10,001 to 15,000" income categories.

DISCUSSION, CONCLUSION, AND RECOMMENDATIONS

All respondents were extended-stay customers at the Grande Centre Point Hotel Ratchadamri, having stayed in the hotel for longer than 30 days. Most were male, aged between 20 and 49 years old, with 55.8 percent of them having a monthly income of less than USD 10,000, and working for a private company. Overall, respondents gave higher engagement scores for functional engagement perspectives than for emotional engagement perspectives. The highest emotional engagement score was for the authentic perspective while the highest functional engagement score was for the product/service quality perspective. Most engagement factors were at the "high" level, except for the factor regarding "hotel location" which was at the "very high" level and "staff service mind" which was at the "medium" level.

Hypothesis testing on customer engagement showed that respondents from different gender, age, occupation, and income categories were significantly different in their engagement levels in the perspectives of "engaged employee," "reputation," "accountable," "product delivery," and "product/ service quality." Hypothesis testing on customer response found that respondents from different age, occupation, and income classes were significantly different in their engagement response levels in the "retention," "advocacy," and "passion" areas.

Other research results have reported that hotel customers have "high" or "very high" levels of emotional and physical engagement in their relationship with a hotel's services and offerings (Patterson et al., 2006, PeopleMetrics, 2012). These might have some influence on forming customer loyalty to the hotel service brand which is reflected in the "high" level of retention by returning to the hotel in the current study, in advocacy by recommending this hotel to friends or associates, and in passion by loving this hotel (Bowden 2009, Van Doorn et al., 2010).

Recommendations based on the research findings are: Grande Centre Point Hotel Ratchadamri should continue to enhance its good functional engagement qualities, especially the location and cleanliness of the hotel. To improve on customer emotional engagement, hotel management must concentrate on human resources development by increasing their employees' service mind, serving customers above and beyond their needs, and treating customers equally. The hotel can create higher customer engagement and response through segmenting its customers by age groups and customizing products and services suitable for each age group.

The limitations of this study are the time duration and the number of hotels in the data gathered. Thus, recommendations for further research are to increase the time duration for data gathering to cover both low and high seasons in order to properly generalize the research results and

to include more hotels to properly represent the target group for research study of extended stay hotels either at the hotel chain level or for all hotels in Bangkok's CBD.

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