IMPACT OF DIFFERENTIAL PRICING ON ROOM BOOKING DECISION AND GUEST SATISFACTION: A STUDY ON MID-SCALE HOTELS IN DELHI

Thesis Submitted for the Award of the Degree of

DOCTOR OF PHILOSOPHY

in

Hotel Management

By

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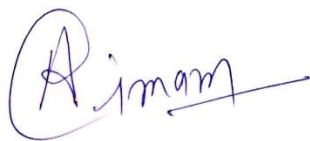**2024**

DECLARATION

I, hereby declared that the presented work in the thesis entitled "Impact of Differential Pricing on Room Booking Decision and Guest Satisfaction: A Study on Mid-Scale Hotels in Delhi" in fulfilment of degree of **Doctor of Philosophy (Ph. D.)** is outcome of research work carried out by me under the supervision of Dr. Amrik Singh, working as Professor, in the School of Hotel Management and Tourism of Lovely Professional University, Punjab, India. In keeping with general practice of reporting scientific observations, due acknowledgements have been made whenever work described here has been based on findings of other investigator. This work has not been submitted in part or full to any other University or Institute for the award of any degree.

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CERTIFICATE

This is to certify that the work reported in the Ph. D. thesis entitled "Impact of Differential Pricing on Room Booking Decision and Guest Satisfaction: A Study on Mid-Scale Hotels in Delhi" submitted in fulfillment of the requirement for the award of degree of **Doctor of Philosophy (Ph.D.)** in the Hotel Management, is a research work carried out by Amjad Imam Ansari, 42100121, is bonafide record of his/her original work carried out under my supervision and that no part of thesis has been submitted for any other degree, diploma or equivalent course.

(Signature of Supervisor)
Name of supervisor: Dr. Amrik Singh
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ABSTRACT

The aim of this study was to examine the impact of differential pricing on room booking decision. A pricing is decisive factor for guest while making decision as everyone cannot afford to book a room in mid-scale hotels. Further, examined the impact of room booking decision on guest satisfaction. And assessed the relationship between differential pricing and perceived service quality. Further, assessed the relationship between perceived service quality and guest satisfaction. This study has also carried out to find the guest preferences while selecting mid-scale hotel in Delhi. Based on extensive literature review, factors in context with differential pricing, room booking decision, perceived service quality, and guest satisfaction were considered to study. A questionnaire was designed to collect the data to meet the objective of study. Both primary and secondary data was approached to carry out the study. Data was collected though the year in different months from different hotels in Delhi. Further, analysis was undertaken pertaining various statistical techniques and tools were used. Differential pricing has been measured on four significant factors such as customer segment, booking quantity, booking channel and reservation timing. Structural equation modelling (SEM) applied to analyze the data in the present study. All the constructs of perceived service quality were evaluated and assessed for their relationship with guest satisfaction. The hypotheses were developed to find out the results and the path coefficients generated by SmartPLS along with p-value. The p-values were provided by software using the bootstrapping procedure. The guest preferences of this study as follows: hotel location, brand image, room price, room facility, safety and security, previous stay experience, recommendations from other. Research restricted to a certain area in terms of the tools and techniques employed, the sample and procedures, and so forth, according to the researchers' resources. After the data analysis, the results were examined and the potential managerial ramifications were explored. Along with the crucial implications that the hotel business must consider, the prospective recommendations were included. Along with the results of the analysis, the goals of the research study were carried out and reviewed. Possible study limitations that were found in this particular investigation were also discussed. The main issues of the guest highlighted in the present study. Now a days, guests have a variety of preferences for selection of hotel. These changes have led to intense competition amongst hotels business. The hotel is very competitive service market and offers a wide range of services. The relationship between each differential pricing concept and the choice to book a room was examined and assessed. Through the use of structural equation modelling (SEM), four kay hypotheses along with sub-hypotheses were examined. The

managerial implications are examined and appropriate recommendations are made. Overall ratings of the hotel come through perceived service quality and its factors which further indicates how satisfied guests are with their stay. And when the guests feel that the hotel lives up to their expectations, they will rate it higher; if not, they will rate it lower.

ACKNOWLEDGEMENT

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CHAPTER - 1
INTRODUCTION

The primary objective of the hotel industry is to provide a comfortable stay and an extended variety of services, along with safety and security. In addition, multi-cuisine restaurants, bars, swimming pools, doctor-on-call services, retail stores, business centers, conference rooms, banquet halls, boardrooms, etc. offer these services to their guests. Also includes spaces for private events such as weddings, birthday parties, etc. Furthermore, it meets fundamental needs for the guests, such as food, transportation, shelter, and other recreational facilities for entertainment.

The present state of the Indian hotel sector is covered in this chapter, along with the factors that contribute to the industry's disparate room rates. The purpose of this study was to determine the significance of choosing a hotel room, the perceived value of the services, and their impact on both customer happiness and hotel performance.

This chapter gives a description of the following:

- ➢ **Introduction to hotel**
- ➢ **International hotel overview**
- ➢ **Background of the study**
- ➢ **Evolution of the hotel industry**
- ➢ **The growth and scope of hotel industry in India**
- ➢ **Hotel industry in Delhi**
- ➢ **Research problem**
- ➢ **Significance of the study**
- ➢ **Scope of the study**
- ➢ **Mid-scale hotel**
- ➢ **Overview on differential pricing**
- ➢ **Structure of thesis**

1.1 INTRODUCTION TO HOTEL

The hotel was originally used to describe accommodation facilities in London by the fifth Duke of Devonshire circa 1760. An aristocratic family once lived in a townhouse in one of the major cities in the UK, Ireland, and a number of other countries. According to Tewari (2016), the term "hotel" can also refer to a hostel, which is a place where travelers stay. The hotel industry is a part of hospitality sector that offers lodging along with other services; most contemporary hotels are modest to medium-sized establishments (Djordjevic & Jankovic, 2015).

According to Whitla et al. (2007), the hotel is deemed as one of the oldest commercial establishments which is part of the global service industry. Hotel offers several products and services such as lodging, food and drink, room service, a la carte dining available around the clock, a multi-cuisine restaurant, banquet spaces, valet parking, a spa, a gymnasium, and transportation-related services. Although many consumers choose to stay in reputed hotel chains for superior amenities, travelers from over the world book the hotel and avail its services. In the hospitality industry, a customer is always regarded as a guest, with varying perceptions of value and level of service.
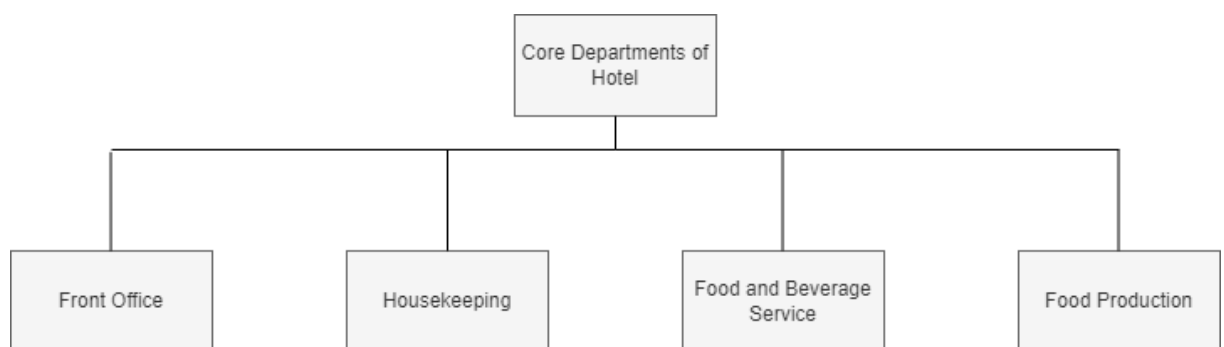
Figure 1.1: Core Departments of Hotel

Source: (Author's own)

Front Office: The area of a hotel that attracts the most attention of guests is the front office department and its various sections such as reception, information, cash, reservation, telephone, bell desk, and concierge. The reception desk at the front office is the hub of the activities and the initial impression a guest has about the hotel is typically made at the reception desk. Because it is the first and last point of contact between guests and the hotel (Tewari, 2016). The front office and food and beverage are two key hotel divisions that generate revenue. The front office produces close to 60 to 70 percent of a hotel's revenue and is responsible for maintaining high occupancy (Bhatnagar, 2006)**.**

Housekeeping: The housekeeping is responsible of maintaining and cleaning the hotel's guest rooms. In addition, to guarantee that the data pertaining to a guest room is kept current and synchronized with the hotel's front office division. Every room's condition is regularly updated, starting with the front desk and ending with cleaning. Thanks to modern technology, such as phone systems, mobile housekeeping applications, hotel software, etc., an update on the status of a room is now feasible. The housekeeping staff locates different maintenance teams in order to replace or correct them. The hotel's back area and common areas must always be kept clean by housekeeping (Raghubalan & Raghubalan, 2009).

Food and Beverage Service: It is one of the most significant and customer-focused divisions in the hotel is the food and beverage division. It provides guests with the services of prepared food items, beverages, and tobacco as per the needs of guests. Further, it has various outlets such as restaurants, bars, coffee shops, multi-cuisine restaurants, banquets, lounges, etc. This department has key responsibility of handling the food and beverage service to guests (Singaravelavan, 2011).

Food Production: The primary function of food production is to prepare the dishes mentioned on the menu card. Further, the objective of the food production department is to prepare high-quality food quickly and this department has various sections such as cold, butchery, bakery roast section, etc. Several different salads, starters, cold meat, and a variety of sandwiches are prepared and kept cold. The bakery area is in charge of

making various kinds of hot and cold items and breakfast rolls. A kitchen is where food is prepared and kitchen employees coordinate with the restaurant, room service, bars, and banquets to supply food orders.

1.2 INTERNATIONAL HOTEL OVERVIEW

The hotel industry is regarded as global service sectors and right after second World war ended in the middle of the 20th century, tourism took off. Public transportation that had previously been unavailable to the general public was suddenly providing chances for business and leisure travel to rural and urban areas as well as far-off foreign locations. Hilton provided a four-star service in city centers for an airline customer, whereas Wilson catered to a two-star motorized consumer on the road with a three-star offering. Private baths, swimming pools facility were genuinely innovative as the world emerged from the horrors of war and a limited resources to experience about the world around them. The service was quite formal in European restaurants and French and wine were dominating.

The International Hotel Chains: American pioneers introduced quality standards, reservation systems, marketing approach and management contracts. Europeans brought the idea of reputed hotels, sticking to their loyalty to independent companies and focusing on bathroom hygiene. However, the awareness about the hotel business needed academics and academic groups for their success. International cuisine is easily available throughout the world example, hamburgers and hot dogs, etc. By 2020, the international hotel groups Carlson Rezidor, Marriott, Starwood, and InterContinental Hotel Group will have more properties in India than all of their competitors in the region combined. By expanding their footprint, they hope to take on modern disruptors such as Airbnb and fortify their negotiating position when dealing with online travel agencies. Due to the fact that they only manage hotels, international chains are growing more quickly than their Indian equivalents. Hotels that are owned and operated by Indian conglomerates, such as The Leela, ITC, Taj, and Oberoi, have been given priority. According to HVS, India presently has 125,000 branded hotel rooms, and by 2020, that number will increase to 155,000. Almost 50% of these rooms are currently

affiliated with foreign companies. The world's largest hotel chain will soon exist as a result of Marriott's global acquisition of Starwood. Marriott-Starwood is expected to surpass Taj Group, the current market leader, in terms of room inventory in India. In an attempt to expand, IHG is converting a number of existing properties into its several brands, including Crowne Plaza, Holiday Inn, and Holiday Inn Express. The hotel group anticipates having 100–150 hotels in India during the next ten years, according to Pascal Gauvin, IHG's chief operations officer for India, the Middle East, and Africa.

1.3 BACKGROUND OF THE STUDY

The hotel business as we know it now began in the 19th century with the growth of big cities, and the development of sea transportation, and railways. During the Mughal era, forts and the area around them provided the basic needs of travelers. In India, kings and emperors constructed Sarai, Dharamshala, and Resting Place on highways during the ancient and medieval eras. The Western family ran the majority of the upscale hotels. The Bombay Hotel first opened its doors in 1799. India hosted the Commonwealth Games in 2010. The hotel sector in India has grown as a result. In December 2014, there were 7.46 million foreign visitors to India, an increase of 7.1% over the previous year. The rise in popularity of mid-scale hotels in India can be attributed to shifts in the travel habits of both foreign and domestic visitors, as well as a sharp increase in demand for this type of lodging. As a result, several nations are focusing on building infrastructure to draw travelers to their locations (Ali et al., 2021). Hotels are deemed as a part of the tourism sector since they provide lodging, which is the most basic need. Moreover, guests do not just to stay in the hotel but also expect various services such as sauna baths, swimming pools, spas, and so on.

The hotel is one of the oldest commercial sectors that are acknowledged as a service sector across the world (Whitla et al., 2007). The characteristics of the Indian market for hotel sector for domestic as well as foreign chain hotels. The standard of service guests receive varies according to the classification of the hotel. The hotel provides a range of services including accommodations, meals, drinks, room service, all day a la carte transportation, etc. According to Xu & Li (2016); Zhang et al. (2011), the hotel is

divided into three different groups based on grades such as economy hotel, mid-scale hotel, and up-market hotel. Numerous research on customer satisfaction, organizational performance, pricing, and re-visit intention across different industries and sectors but such studies are very rarely discussed in context with room differential pricing, room booking decision, and perceived service quality. A few studies focused on service quality and guest satisfaction to analyze it due to the broad scope in the hospitality sector. Therefore, the major aim of our study was to identify the factors that affect the room booking decision and further lead to guest satisfaction in the mid-scale hotel. Further, investigate the present and future directions and trends of this research field through comprehensive literature. To sustain itself in a competitive market, the hotel industry must clearly assess its guest's perception of perceived quality service. Although sharing economic enterprises like Airbnb had a sizable disruptive effect on the hospitality industry, most studies concentrated on perceived service quality in relation to luxury hotels, and more research is needed to concentrate on other segments (Djordjevic & Jankovic, 2015).

1.4 EVOLUTION OF THE HOTEL INDUSTRY

The word "hospitality industry" encompasses a wide range of services such as hotels, the catering sector, restaurants, and more. According to some, hospitality is the "business of making people feel comfortable, and enjoy them. Travel and tourism directly contributed to the development of the hospitality sector. The following historical period can be studied as the beginnings and expansion of the hotel industry in the World (Tewari, 2016):

Ancient Era: Inns first time appeared in the sixth century B.C. however, the history of inns actually begins in the 12th century as a sheltering system. The inns of the biblical era were simple designs with a cot and bench in the corner of the room. There was no privacy, security, hygiene, etc. in the room. There was just a large hall for travelers to stay. The industrial revelation also brought about a change in the purpose of travel and made it more focused on business than on social or educational purposes. Nowadays, running an inn is a business that offers lodging, food, and entertainment to tourists.

Grand Tour: Consequently, the second part of the eighteenth century saw a significant boom in the hotel industry due to the success of the "Grand Tour." Prior to the French Revolution, it is referred to as the "Golden era of travel" (1789-99). Back then, British scions of wealthy families had to complete a Grand of Europe as part of their education. Setting up a hotel in well-known towns across France, Italy, Germany, Austria, Switzerland, and Ireland was a great financial opportunity.

Modern Era: The Industrial Revolution, which began in England in the middle of the eighteenth century was considered for fostering modern tourism. During this time, the world witnessed numerous new innovations and improvements including the development of rail transportation, sea, etc. Around 1950, the growth of motor hotels, or category in the hotel industry was promoted by an increase in automobile travel. The hotels provided minimal housing facilities, free parking, and rest areas for guests. Over time, a number of national and international chains have gradually emerged. In recent years, the hospitality industry has developed novel ideas and amenities that guests can enjoy.

There is evidence that the hotel industry existed during the Vedic Era and the Indus Valley Civilization, therefore its origins cannot be definitively pinpointed. Travel was mostly done for trade and pilgrimages in the past. The Hindu community's notion of char dham, or visiting holy sites spread throughout India's four regions, is a key sign of the importance their predecessors placed on pilgrimage. After 1947, there was a significant increase in the hotel industry in India. Many historic sites have been taken over by India's leading hotel groups, such as Taj and the East India Hotel Company, popularly known as Oberoi. These hotels expanded their operations beyond India and set new benchmarks for quality and service. The biggest company in India is called the Indian Tobacco Company, or ITC. Many hotel chains, including Hyatt, JW Marriot, Intercontinental Hotel Group, and Ritz-Carlton Radisson, have made investments and opened hotels in India as a result of the country's growing popularity as a travel destination. Year 2010 saw Delhi, India, host the Commonwealth Games for India, it was the most successful Commonwealth Games ever. This additionally aided in the growth of the hotel industry in India.

1.5 THE GROWTH AND SCOPE OF HOTEL INDUSRTY IN INDIA

India's tourism and hospitality sector are key drivers of the expansion of the nation's service sector, as the country is one of the most sought-after travel destinations and business centers globally (Tourism & Hospitality Industry in India, 2023). A major source of foreign exchange revenues for many countries, hotels and restaurants are considered growth agents and catalysts for socioeconomic advancement within the hospitality industry. In addition to highlighting India's stunning past and culture, tourism has importance to national economy. According to Tourism & Hospitality Industry in India (2023), by 2028, 30.5 billion foreign tourists are expected, bringing in more than US$ 59 billion. Nonetheless, it is expected that domestic travelers would drive expansion following the pandemic. National expansion is underway for international hotel chains. The research on the hotel industry in India covers top domestic and international hotel chains. Some of the following major key players (*Mordor Intelligence*, 2023).

The Park Hotel: The Apeejay Surrendra Group, whose interests have grown to include tea, hospitality, shipping, real estate, retail, and financial services manages the Park Hotels. The Park is a popular hotel for both business and leisure guests from India and overseas because it is situated in some of the main cities in the nation. The properties are located in the heart of each city's center, allowing visitors quick access to the area's shopping and entertainment.

ITC Hotels: The ITC Limited group of enterprises includes the Indian hotel operator ITC Hotel. It ranks as the fifth largest hotel chain in India with more than 100 hotels. It is a representation of the character and culture of each location providing an experience. Additionally, ITC Hotel and Marriott have an exclusive partnership. ITC Hotel brands are Mementos by ITC Hotel, Welcome Hotel, Fortune Hotels, and Welcome Heritage.

Lemon Tree Hoels: Patu Keswani established the first of 49 Lemon Tree Hotels in 2022. According to the Horwath Reports (2017), Lemon Tree Hotels Ltd. was the largest mid-range hotel network and the third largest hotel chain in India overall. It

serves the premium and mid-market hotel segments as well as the upper-midscale, midscale, and economy hotel segments.

Pride hotel limited: Prominent Indian hospitality brand Pride Hotels Group is present in many of the nation's largest cities. Our mission is to provide warm hospitality with an Indian flair, as envisioned by Mr. S. P. Jain in 1987. With a network of over 56 hotels and many more to come, we take great satisfaction in providing outstanding hotel stays.

Eden Park New Delhi: Also referred to as the Qutub Hotel, is an excellent option for both business and pleasure travelers. The hotel is renowned for its opulent service apartments, each of which has a gorgeous view of the famous Qutub Minar and is fully furnished with contemporary amenities.

Chain hotels and independent hotels are two types of hospitality industry in India, as service apartments, low-cost economy hotels, Mid-scale hotels, and Up-scale hotels. The expansion of the tourist is anticipated to contribute USD 250 billion to the nation's GDP by 2030 as well as strong domestic and international tourist inflow. Consequently, the Midscale category has emerged as the most significant sub-segment within the branded hotel supply in India, comprising over 43% of the entire supply in the nation in 2019. Mid-scale or mid-market hotels have recently opened in India. Hotel firms, both foreign and local, have expanded their presence in the country to capitalize on the growing demand from budget and middle-class domestic and international tourists. These companies provide both new and existing midscale brands. Furthermore, it is anticipated that more and more tourists would be looking for "experiences" at the nation's emerging vacation spots, where creating and running a midscale hotel will provide a stronger value proposition. As businesses continue to implement cost-cutting measures, the growing demand from business travelers will also contribute to the expansion of this market.
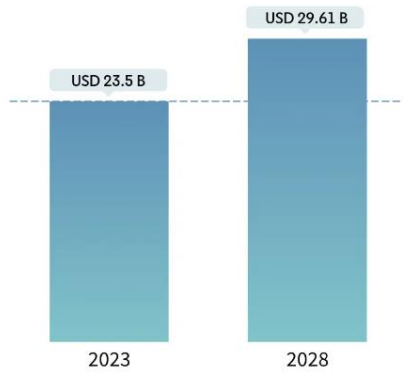
Figure 1.2: India Hospitality Market Size

Source: (Mordor Intelligence, 2023)

According to the Ministry of Tourism GoI (2022), Delhi has the third-highest (10484) rooms under the approved hotels followed by Kerala (17496) and Maharashtra (13419).

Table 1.1: Number of approved hotels in the country

S.No.	Category	No. of Hotels	No. of Rooms
1	5 Star Deluxe	149	35483
2	5 Star	185	22498
3	4 star	423	20041
4	3 star	564	17209
5	2 star	25	922
6	1 star	10	294
7	Apartment Hotel	2	297
8	Time Share Resort	2	253
9	Heritage Hotels	55	1495
10	B&B Establishment	459	2304
11	Guest House	8	96
	Total	1929	100892

Source: (Ministry of Tourism Government of India, 2022)

In the near future, the and supply gap will worsen in India and more hotel rooms will be required. The hotel market has already seen significant investments from many national and international hotel brands and it is anticipated that additional hotel chains

will invest in the future. Post-COVID-19 pandemic, the Indian hotel industry has displayed indications of recovery and expansion of the industry.

The Indian hospitality industry estimates that 12,000 additional hotel rooms will be added. By 2025, about 3.3% of hotel rooms are expected to expand steadily with a composite annual growth rate. Leading hotel chains are now open to the evolving needs of religious tourists who want clean, sanitary, and family-friendly rooms. Religious tourism has also undergone a change. Travelers from all over the world are drawn to India by its rich culture and variety, which is boosting the nation's expanding hospitality sector. The growing middle class and rising disposable money have led to a growth in domestic travel in the service industry, which is well-known for spiritual tourism. An rising number of international chains are launching new hotel projects as a result of government initiatives to promote travel and tourism.

1.6 HOTEL INDUSTRY IN DELHI

Delhi is a fantastic travel destination for everyone with a rich and distinctive cultural and architectural legacy that embodies the true pan-India. Delhi has a vast variety of tourist attractions including monuments, museums, shrines, a large range of retail malls, and cutting-edge dining options. Delhi is key places for both national and international travelers. According to India Tourism Statistics at a Glance 2022, there is roughly 6.06 lakh (39/70%) foreign tourist arrivals (FTAs) in Delhi during 2021. Number of FTAs, or foreign tourist arrivals by state and UT in India 2021. Delhi has long been a robust market for businesses due to its central location as the hub of both political and economic activities. This need has become even greater as satellite cities like Gurugram and Noida develop into major commercial hubs. Aerocity in Delhi is also becoming a new business and transit hub. Delhi's hotel business is anticipated to rebound more quickly than other important markets in the post-COVID-19 world. Since MICE demand will take longer to recover and return to its pre-COVID levels, the hotels near the airport should have a speedier rebound than the inner-city hotels with huge banqueting and conference rooms.
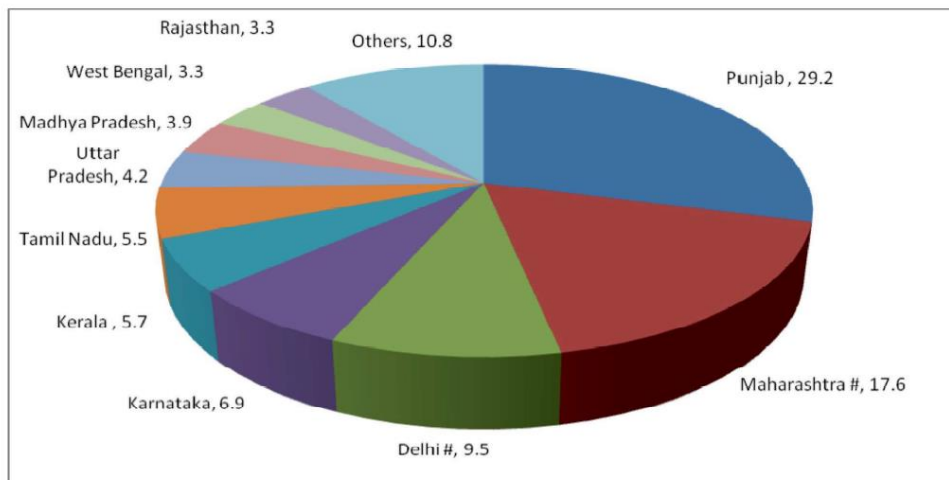
Figure 1.3: Percentage Share of Foreign Tourist Visits
Source: (India Tourism Statistics at a Glance, 2023)

As to a recent assessment, the hospitality industry in India not only recovered from the COVID-19 pandemic downturn but also continued to thrive in Delhi. RevPAR, or revenue per available room for the industry is expected to increase marginally over FY19 by the end of FY23, helped by a robust recovery in occupancy and average rates, reaching an anticipated 4,000 to 4,100 per room. The sector's ARR should keep rising in FY24, driving up RevPAR thanks to domestic solid leisure travel and international inbound travel. The research predicts that RevPAR will increase by 3-5% from FY23 (Khosla, 2023). Delhi has traditionally had a robust hospitality industry, and hoteliers anticipate a quicker rebound than in other big cities. There aren't many expensive hotel properties for sale in the area. However, because the majority of owners have healthy balance sheets and are confident in the industry's revival, we do not currently anticipate any market distress sales.
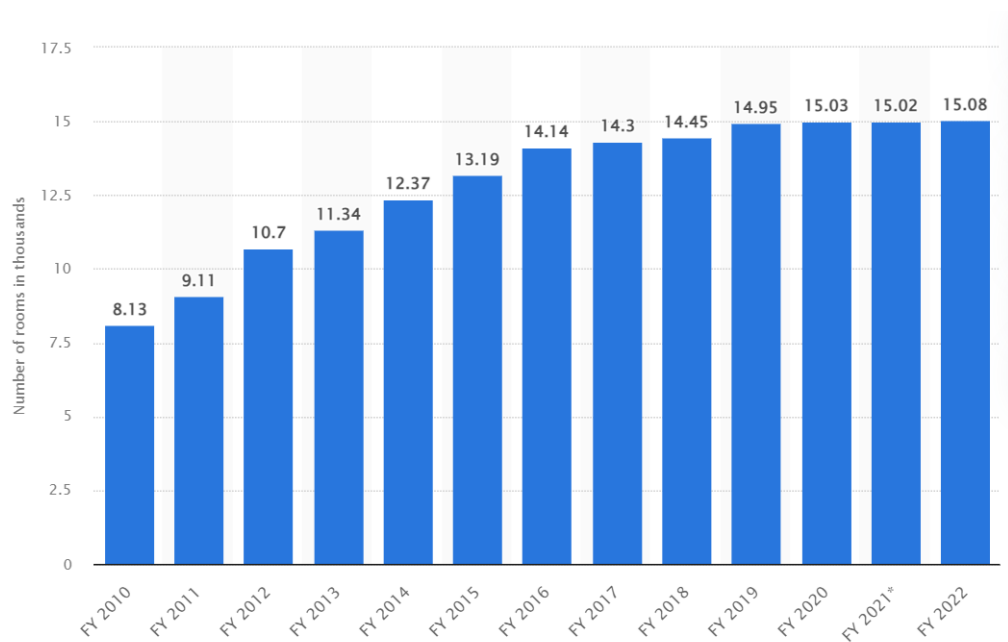
Figure 1.4: Existing Hotel Room Supply in New Delhi

Source: (Statista, 2023)

1.7 RESEARCH PROBLEM

The study intended to focus on various dimensions of "differential pricing" concepts and its impact of room booking decision. Although, numerous researches have been done on various aspects of pricing such as revenue management, rate parity, price fairness, and perception of fairness (Suklabaidya & Singh, 2017). Further, some previous studies have focused on hotel services, guest satisfaction, re-visit intention, etc. however differential pricing, room booing decision, and perceived service quality have been largely ignored. Hence this study focuses on various factors of differential pricing, room booking decision, and perceived service quality which lead to guest satisfaction. This is complete approach to the perspective of differential pricing such as customer segment, booking quantity, booking channel, and reservation timing (Fakhri Tomalieh, 2014). An efficient price-tracking strategy has a multitude of advantages for the business including brand image and boosting profits. Differential pricing is a crucial element of dynamic pricing, enabling to modification of the prices in response to various market conditions and circumstances. Potential guests with a higher budget

range will go to other hotels if the best prices are not available for them. If the price is too low and the guest is willing to pay high you will lose the profit margin. Guest satisfaction is the tool to obtain the brand image, customer loyalty and e-word of mouth premotion which have been defined in many ways. Based on extensive literature, it has been found that majority of the previous researchers have focused on service quality which directly link to guest satisfaction.

1.8 SIGNIFICANCE OF THE STUDY

To increase revenue, hotels use a variety of pricing strategies. Setting the right room costs enables you to increase revenue, improve occupancy, and maximize profits. The hotel management may be able to sell as many if the price is fair. Any hotel's main goal is to increase revenues, therefore maintaining the proper pricing strategy while accounting for client segmentation, demand, and other factors is essential. The price of the services they offer and the kind of rooms they have should be considered by hotel management as well. The hotel is service sector but also it demands high-quality service. The guest perceptions towards hotel products and services are more subjective when the hotel is providing them. Additionally, the link between supply and demand have changed in the hotel business. Only satisfied guests with hotel service and facility can become loyal for guests and continue selecting a particular hotel brand for their services (Wang, 2022). The hotel must analyze and investigate the different aspects that influence how guests evaluate the quality of their service. However, every hotel has feedback and monitoring mechanisms. Previously researchers have focused on various dimensions of perceived service quality but not many studies found that depicting the link between differential pricing and perceived service quality. Further not depict the connection between "perceived service quality and guest satisfaction in mid-scale hotels. And also, not focused on the impact of room booking decisions on guest satisfaction" (Ansari et al., 2023).

According to M. J. and Afza (2019), satisfaction refers to a customer's emotions of contentment or dissatisfaction based on service performance and expectations. Guest satisfaction is the main result of perceived service quality in the literature on differential

pricing. In today's cutthroat industry, maintaining a high standard of product and service for guests is contingent upon their pleasure. The degree to which visitors are content with the services they have received in comparison to their expectations from the hotel is measured by guest satisfaction. After surpassing their anticipations, additional associated feelings could please the guests.

1.9 SCOPE OF THE STUDY

This research is intended to be carried out in the field of the hotel sector in Delhi which is the capital of the most populated country of the world, India. According to the Delhi Tourism Government of NCT of Delhi, 2023), "three World Heritage monuments such as Qutub Minar, Red Fort and Humayun's Tomb that have survived many centuries, and give an idea of architectural wonders created by emperors in the past. Central Delhi"
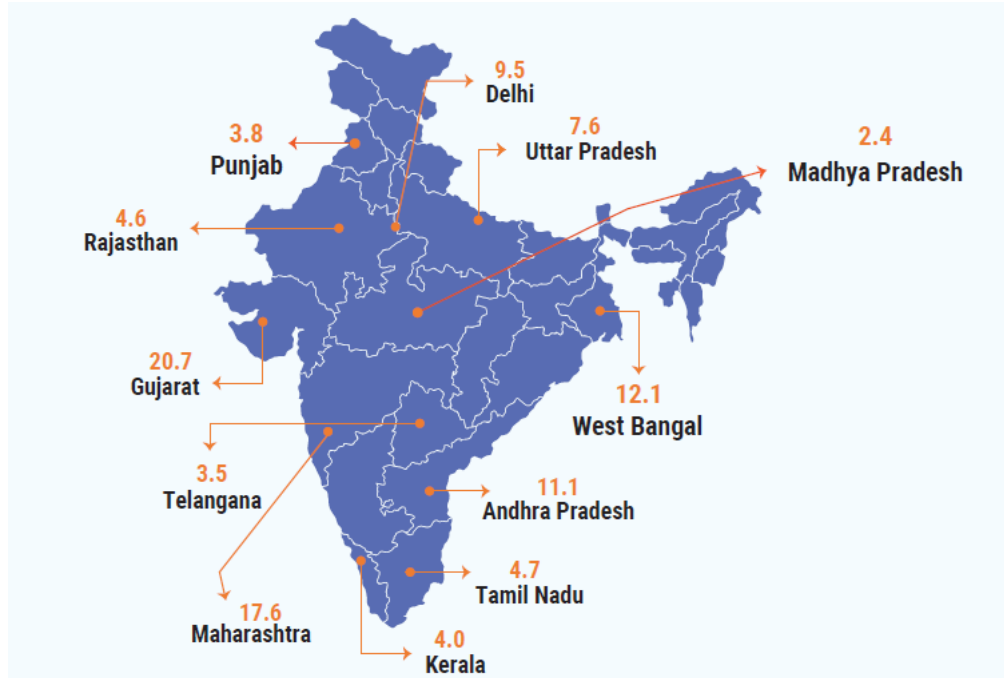
Figure 1.5: Top 10 States & UTs of India in Number of Foreign Tourist Visits

Source: (Market Research and Statistics, 2023)

In above statistic reports, the post-COVID-19 demand for hotel accommodations and their services is increasing in Delhi for both domestic and international visitors. The travel and tourism sector builds the Indian Hotel business which contributes 7-8% of India's GDP. The contributions are anticipated to increase steadily over the ten years (Ajit & Singh, 2018). The conducted research would provide new insights to both academicians and hoteliers into various factors of differential pricing, room booking decision, and perceived service quality to improve it. Further, the satisfied guests of the hotels would turn into repeat guests and become loyal and attached to specific hotel brands.

1.10 MID-SCALE HOTEL

According to Raghubalan & Raghubalan (2015); Tewari (2016), Mid-scale/Mid-market hotel classification based on the level of service defines hotels offering modest services which fall between Economy/Budget and Up-scale/luxury hotels such as room service, round-the-clock coffee shops, multi-cuisine restaurants, and bar facilities. It is a medium-sized hotel offering mid-range service and has roughly 150 to 300 rooms. In addition, the Ministry of Tourism (2018) states that mid-scale hotels offer services similar to those of three- and four-star establishments. Three-star & four-star hotels are categorized as midscale hotels, that are also referred to as mid-segment and mid-market hotels (Soifer et al., 2021). Based on the quality of services offered, hotel sectors are divided into three categories: economy hotels, midscale hotels, and luxury hotels (Bi et al., 2020). Further, the cclassification of hotels based on different criteria such as level of service (Raghubalan & Raghubalan, 2015);

- Economy/ budget hotels
- Mid-scale/mid-market hotels and
- Luxuryhotels
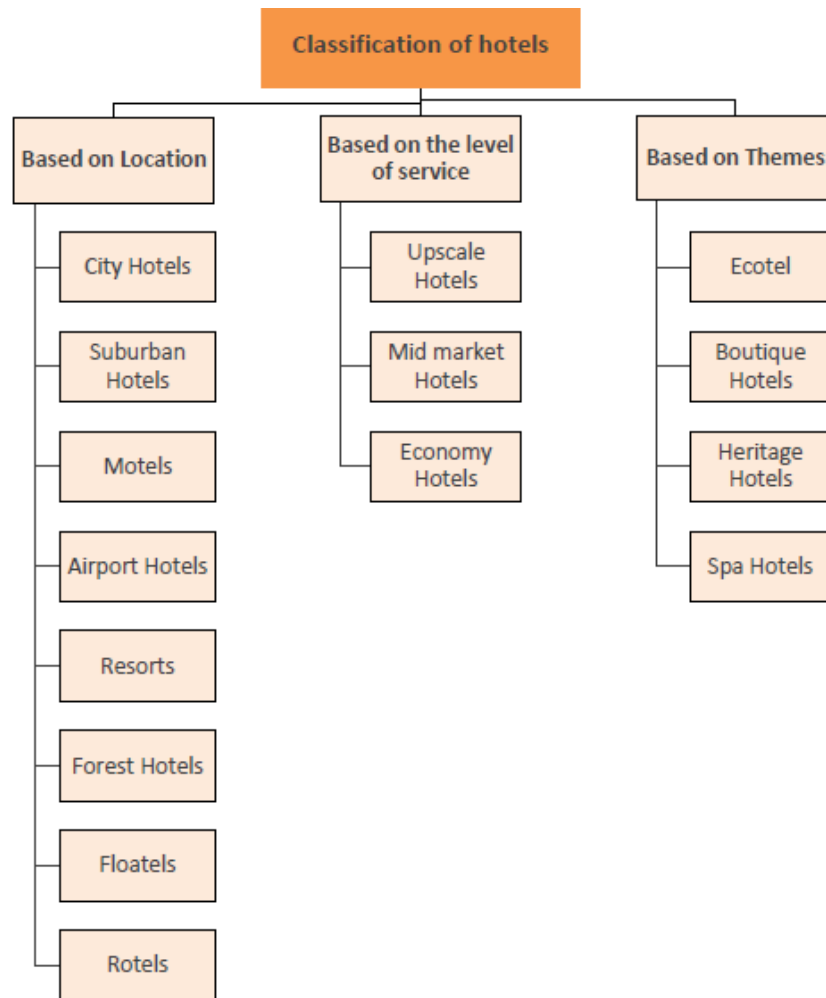
Figure 1.6: Classification of Hotels

Source: (Darshini Kansara, 2019)

Economy/ budget hotels: These accommodations provide visitors reasonably priced, secure, hospitable, and hygienic housing that meets their most basic requirements. Travelers on a smaller budget who want a hotel with the basic minimum of amenities and services for a comfortable stay. Without having to pay more for indulgences are fond of budget accommodations.

Mid-scale/mid-market hotels: Most tourists like lodgings that offer mid-range or other three- to four-star amenities. These hotels don't overdo their services and have a

sufficient number of staff members. They also provide Wi-Fi, in-room entertainment, F&B service, room service, uniformed staff, and other services.

Luxury hotels: These facilities are also known as five-star hotels, and the majority of their patrons are rich people, powerful government figures, and well-known figures from the entertainment world. They have private dining rooms, valet parking, concierge services, and upscale lounges and restaurants.

According to (Datta Akash, 2020), among branded hotel supply in India, the mid-scale category has grown to be the largest sub-segment making 43% of the entire supply in the nation in 2019.

There are some key players in mid-scale hotels (Philip Lijee & Bureau ET, 2020):

- Lemon Tree
- Accor
- ITC Fortune
- Holiday Inn Express
- Shyama Sarovar Portico
- Ramada Encore
- Ibis Hotel
- Royal Orchid etc.

Mid-scale hotels may meet the growing demand from corporations, and young entrepreneurs for economical accommodations. Several causes include the rise of the middle class and their growth in both business and leisure segments (Bwhotelier, 2015). The national and international hotels are rapidly increasing in the mid-market segment (Jana & Chandra, 2016).

Xu & Li (2016) claim that depending on the hotel's grade, different guests have different expectations and views of its goods and services. Due to the disparity in services offered by upmarket, mid-market, and budget hotels, among other hotel segments, the hotels

function differently, which presents a possibility for growth in the Indian hospitality industry (Sinha & Pratima, 2021).

Hotel Classification Based on Star Rating: According to the Ministry of Tourism, GoI, Hotels are categorized in India using the star system by the Department of Tourism. The D.G. Tourism oversees a committee called the Hotels and Restaurants Approval and Classification Committee (HRACC). It comprises representatives from the following;

- Secretary (Tourism), All-State Government/UT Administrations
- President, FHRAI
- President, HAI
- President, IHHA
- President, TAAI
- President, IATO
- Principal, IHMs
- All Indiatourism Offices in India

1.11 OVERVIEW ON DIFFERENTIAL PRICING

According to Lii & Sy (2009), differential pricing is the practice of offering a different price for the identical product and service to its customer based on various factors such as booking timing, bulk booking guest identification, and the importance of price. Differential pricing is practiced, used by hotel to increase the revenue as per the type of customer, location, timing of booking query, and product. Because this discrimination is legal practice and does not lead to more unhappy customers. The hotel will charge each customer the highest price possible for each beer if there is pricing discrimination. More common types of price discrimination involve the provider grouping consumers according to specific attributes and charging each group a different amount. This strategy is commonplace in the hospitality and aviation sectors, where extra beds and seats are regularly made available on a last-minute standby basis. These sectors have significant fixed production costs. The marginal or variable costs are also under control

and predictable control. It is usually in the hotel's best interest to offer any capacity if there are unfilled reservations for airline tickets or hotel rooms. The hotel industry uses a variety of pricing tactics, including corporate rates, discounted rates, best available rates and package rates etc.

The following criteria must be met for differential pricing to be effective: the market must be segmentable; clients in the low-price segment cannot afford those in the high-price segment; other competitive hotels cannot undersell the room in the higher-price segment; the practice does not increase customer dissatisfaction; this specific form of discrimination is lawful. The primary objective of revenue management is to sell the rooms to the right clients at the right time. They employ a range of hotel pricing techniques to attract guests and increase the demand for hotels. Revenue managers may use numerous pricing tactics simultaneously depending on the market conditions (Kim Campbell, 2022).

Based on customer demands: It is the process of setting hotel room costs according to client demand. Demand-based hotel pricing strategies make use of past data to examine hotel occupancy, rack rates, and average room rates. Revenue managers at hotels keep an eye on past patterns, forecast future booking patterns, and modify room rates accordingly such as peak season and off season.

Based on market segment pricing: Hotel offers different prices for the same product or services based on customer segments. Hotels conduct market research, identification of customer types, etc. before executing price segmentation effectively. Offering the negotiated rate to MNCs may decrease the ADR of hotels but increase the number of room sales.

Price penetration: It describes the practice of offering a low rate in the beginning to increase the occupancy and then increasing the room tariff when demand increases. In order to gain market share and raise hotel occupancy to a specific level, the hotel offers low rates initially.

Promotional pricing: In order to increase direct reservations, hotels offer loyalty programs to reach out to the underperforming market, and promotional codes and discounts can be executed to do so. Reach out to the guests through email with discount offers for booking their stay with hotels directly.

Upselling room techniques: One of the most popular methods of hotel pricing is upselling because it increases revenue from existing customers rather than acquiring and converting a new clientele. Hotels that do not upsell could be losing out on significant revenue prospects given the high level of interest.

Cross-selling: cross-selling is similar tactics, upselling involves pressuring a customer to spend more money, whereas cross-selling happens after they have already made a purchase. Hotels may upsell guests on experiences, supplementary goods, and related services.
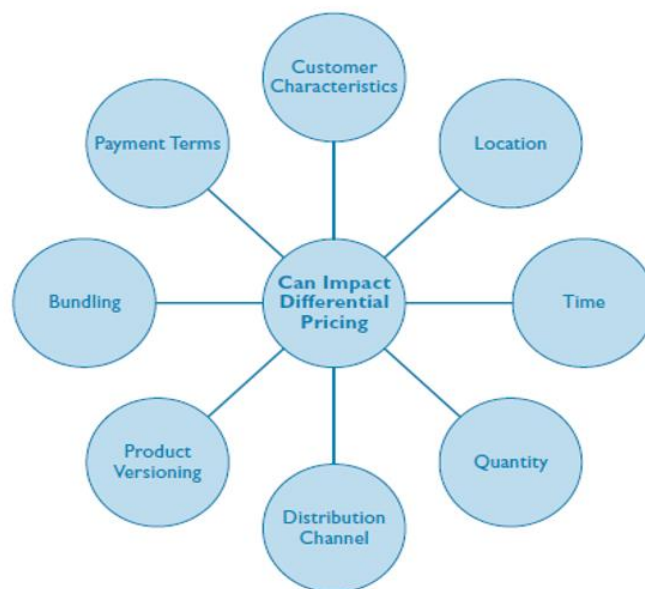
Figure 1.7: Factors Impacting Differential Pricing

Source: (David K. Hayes, 2010)

External Factors that affect price determination: These are outside variables that will affect the hotel's price fixation. Hotels who provide services (hoteliers) would be well advised to carry out studies to track the effects and develop plans to adjust how these effects would affect their business operations and overall performance (Nadia et al., 2021).

- **Demand elasticity:** The concept of elasticity of demand, which refers to how purchasing amount varies when prices vary, is crucial for marketers to grasp in order to comprehend how price changes impact the market.

- **Guest expectations:** The expectations of customers and channel partners are among the most external elements that influence the price setting. Customers consider a product's whole "worth" considerably more than its price when making a buying choice.

- **Competitor pricing:** Consideration of competitors' products is a factor in almost all marketing choices, including price. Depending on the level of market competition, this information may or may not affect how prices are actually established. For example, products that are considered market leaders and command a dominant position in their respective industries may not be greatly impacted by competition pricing since they have the power to establish their own prices.

By charging various prices for the same good or service, hoteliers can capitalize on the individual value placed on by their patrons through the use of differential pricing. A pricing windfall with larger margins from higher prices is facilitated by the range of prices produced by differential pricing. Finally, there is the differential pricing strategy brought about by variations in hotel ambiance, seasonality of events, accessibility, and room view/facilities.

David (2010) states that different market segments have different rates for hotel rooms. These include corporate, leisure, public sector, online travel agencies (OTA), direct bookings through hotel websites and regional sales offices, central reservation systems, global distribution systems, tour operators, and others. Additionally, several hotels—Marriott International, Hilton Hotel, etc.—adopt dynamic room pricing tactics as part of their revenue management for the customers.

1.12 STRUCTURE OF THESIS

This thesis comprises six chapters as follows:

Chapter 1

The first chapter covers the study of the hotel industry in Delhi and India, the current state of the industry, the research challenge, and the importance of the proposed study. Basically, the topic is explained in full in this introduction chapter. It provides information on the state and future prospects of the Indian hotel sector. Furthermore, it emphasizes the significance of the hotel's differential pricing and calls attention to the small details that must be taken care of in order to meet guest satisfaction. The research deficit that still exists in the hospitality research field is also covered. The necessity of researching the room booking decision, and perceived service quality along with guest satisfaction and hotel performance is covered in this chapter.

Chapter 2

The second chapter addresses earlier research on the thesis's topic. A comprehensive summary of prior study on topic is a literature review such as books, scholarly articles, and other study materials to the research topic are used to appraise the literature. A critical component of any research is a review of the literature. It provides a clear foundation for carrying out the research successfully. It offers a framework for establishing the objectives of the current investigation. The researcher was able to learn the constructs for the current study from earlier studies. It aids in identifying research

gaps and research limits from earlier studies in addition to providing a theoretical foundation for the investigation. It offers observations from earlier theoretical and empirical studies on the significance and dimensions of differential pricing, perceived service quality, and room booking decision. The constructs used in this present study are discussed in detail and given theoretical context in this chapter.

Chapter 3

The third chapter shows how this research study's approach was developed. The objectives of the study, the creation of hypothesis, the research design, the survey strategy, the population, the sample frame, the design of the research questionnaire, the statistical approach, and ultimately the discussion of data analysis techniques is all included in this chapter. The discussion of the various approaches used for hypothesis testing in the current study in this chapter transfers the focus from the theoretical to the operational field. A self-administered questionnaire was used as a quantitative method to collect replies. In addition, the statistical techniques used in this study are explained in full in this chapter, together with the main analysis, sample characteristics, and strategies for addressing response bias. The key focus of this chapter is the road plan or blueprint for the research preparation and methodology.

Chapter 4

This chapter analyzed the various statistical methods and tools outlined in Chapter 3 and presented the findings. One of the most significant aspects of the research is the examination of the data. The conclusions, findings, and comments are reliant on the data analysis. The analytical methods employed in the study to draw inferences are described in this chapter. It talks about the graphical depictions of the respondents' demographic profiles. It gives a thorough review of the research's substance and establishes the reliability and validity of the findings. It also discusses the primary methodology used to analyze the study.

Chapter 5

The findings of the study's data analysis are provided in this chapter. The study's objectives were taken into account when framing the research hypotheses. It displays findings in connection to the study's hypothesis. The statistical analysis' entire output was being monitored, and conclusions were being discussed. The significant impact and relationships among constructs were emphasized.

CHAPTER - 2
REVIEW OF LITERATURE

2.1 INTRODUCTION

This chapter concentrates on an extensive literature review to explore the various factors for the study of this research. A path for every research study is decided by past studies of various published or unpublished works, which is an efficient technique to reach design. Without the backing of thorough investigations, earlier scholarly research publications, and other materials, decent research cannot be completed. The literature review also gives a general overview of research, new ideas to study, and problems to be addressed. In research proposals, the literature review summarizes the present state of knowledge on the issue in an effort to contextualize the predicted addition of the proposed research to knowledge.

A crucial prerequisite for the creation and practical execution of project work is a thorough assessment of the literature. The analysis of earlier literature aids in understanding earlier studies, identifies research gaps, aids in the formulation of hypotheses, and provides an examination of recent works on related subjects in order to reduce duplication of effort. Numerous studies address the issues of hotel pricing strategies that directly or indirectly influence the guest room purchase decision. Furthermore, guest satisfaction is to be analyzed at the same time so that hotel-offered services can be improved.

This chapter provides a succinct description of earlier research that was done in relation to variables used in the current investigation. Numerous developments have been noted in the hotel sector. The hotel sector has expanded in Delhi, India as a result of an increasingly more frequent visitor base, much like other industries have experienced due to a competitive climate. To increase client satisfaction, hotel managers concentrate on raising industry standards for both products and services. Due to high expectations, customers' behaviors change day by day in addition to their everyday changes. Hotel

managers must work more on the ground to meet and exceed guests' expectations in order to satisfy them. By raising the degree of consumer satisfaction, which promotes patron loyalty in terms of restaurant standards, food quality, service quality, room service, etc. in mid-scale hotels.

The following sections have been used for the extensive literature reviews in this chapter:

- **Guest Preferences**
- **Differential Pricing**
  - Customer Segment
  - Booking Quantity
  - Booking Channel
  - Reservation Timing
- **Room Booking Decision**
  - Hotel Brand
  - Guest Review
  - Willingness to Pay
- **Perceived Service Quality**
  - Reliability
  - Responsiveness
  - Tangibility
  - Assurance
  - Empathy
- **Guest Satisfaction**
- **Research Gap**
- **Summary**

2.2 GUEST PREFERENCE

Guests are now pickier when choosing where to stay. These changes have caused the competition between lodging businesses to rise quickly. The hotel sector is very competitive and offers a wide range of services. The importance of preserving continuity and stability as well as consumer loyalty has grown due to market saturation in the hotel industry and increased competition. Knowing your clients better and changing the location drastically to suit their tastes can have effects that are same to what the ambiance means for guest retention as a component of service quality. Because of this, hotel management should thoroughly analyze visitors' attribute and consider the influence of demographic factors (Uca et al., 2017).

According to Rivers et al. (1991), the hotel choices made by members or non-members through frequent guests are the greatest scores given to location convenience and general services. The findings showed that, across all age categories, visitors ranked price and quality as the most important factors, followed by those related to security and general location. Chow et al., (1995), Customers' purchasing decisions at hotels are influenced by factors such as reputation, dependability, security, and high-quality services. Chen (2015), stated that modern technology amenities are assessed by hotel guests, and they have a direct relationship with their overall guest satisfaction, booking patterns, and repurchase intentions. In the modern hotel, in-room technology is now the main factor in improving the visitor experience. However, investments in in-room technology are typically pricey. In addition, the significance of the amenities is valued differently by business and leisure tourists, who choose their lodging in accordance with these differences. It is often believed that business travelers differ from leisure travelers in terms of their traits and technology requirements because they frequently depend on nearby locations in order to be productive while on the road (Dunn & Tucker, 2013).

According to Chu & Choi (2000), guests are willing to pay for safety and security in their accommodations. The presence of a safety and security system may set one hotel apart from rivals, serving as a competitive advantage for a business seeking to win over

travelers' confidence and trust. When a guest chooses hotel, considers the following factors:

- Tidy and pleasant.
- Practical location.
- Prompt service.
- Safe and secure surroundings, and
- Amiable and courteous staff.

Furthermore, the findings indicated that for both business and leisure travelers, location and cost were the deciding factors when choosing a hotel. Barsky & Labagh (1992), discovered three characteristics that were significant to both business and leisure travelers when choosing a hotel. They were:

- The attitude of the staff
- The venue; and
- The accommodation

When selecting a hotel, location is the highly important factor for all business clients, according to Mccleary et al. (1993). They claimed that since there are usually plenty of other dining options close by, a hotel's catering services shouldn't be taken into account when making a hotel selection. The clarity of information which includes a website's to sufficiently inform visitors about the products and services of firm is referred to as hotel website operations. The hotel website is to find the information guests need for reservations such as contact details, and email addresses (Law, 2019). For instance, the site's online retailers would have put in place security measures, making online shopping safe (Hartono et al., 2014).

According to El-Said (2020), potential guests sympathize with the hotel brand and tell them of the hotel's capacity to satisfy their emotional demands and the brand of the hotel is more likely to reserve a room. Theocharidis et al. (2020), mentioned booking channel plays a vital role for the guest while making hotel room booking decisions as online booking has become a more popular platform. Moreover, Potential guests have

the ability to govern their trip-purchasing activities thanks to hotels' use of social media, and they can use them to book rooms. Further, what directly affects hotel guest's overall satisfaction, purchasing patterns, and repurchase intentions is technology. Furthermore, approaches to the study of guest preferences while selecting the hotel is referred to Table 2.1.

Table 2.1: Approaches to the study of guest preferences while selecting the hotel

Authors and years	Guest references
(Mathur et al., 2019); (Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Hotel location
(Mathur et al., 2019); (Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Brand image
(Mathur et al., 2019); (Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Room price
(Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Room facility
(Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Safety and security
(Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Previous stay experience
(Mathur et al., 2019); (Uca et al., 2017b); (G. Li et al., 2015); (Sohrabi et al., 2012)	Recommendations from other

Source: (Author's own)

The hotel guest decision related to room booking is influenced by price, which also shapes their expectations for quality and value. A price-elastic market has emerged as a result of the development of online distribution channels (El Haddad et al., 2015a)**.**

Ásványi & Chaker (2023), explained that the main stakeholders in hotels are the guests. Their choice has a big impact on the hotel's objectives being met. They are essential to hotels' success because they bring in money for the establishment. According to

Bilgihan et al. (2016); Chen (2015), technology features are direct predictors of guest behaviors, such as the inclination to book a hotel, and could have a substantial impact on a guest's overall pleasure. In-room technology is also used by hotels to deliver excellent customized services

2.3 DIFFERENTIAL PRICING

According to Biełuszko & Marciszewska (2018); Lii & Sy (2009); Ansari et al., 2023), differential pricing is the tactic of charging different price for the similar product and service to its customer based on various factors: customer segment, booking quantity, booking channel, and reservation timing. Furthermore, rates paid by hotels employing a yield management strategy frequently change based on the channel, product, client, and time due to variations in supply and demand as well as factors like events, changes in demand, and competition pricing action (Haws & Bearden, 2006). Townsend (1995), stated that offering different rates for same kind of goods even though costs are the same for all units is what is meant by price discrimination. Price discrimination is a common technique in order to maximize profits. This revenue-managed method of varying prices is made possible by the fact that demand for perishable, fixed-capacity inventory (such as airline seats or hotel rooms) is frequently time-variable. Customers who purchase closer to the arrival date are typically low price-sensitive.

According to Kung et al. (2002), price fairness and brand loyalty could be negatively impacted by differential pricing strategies. Price discrepancies resulting from the gap between the appraised price and the transaction's reference price could negatively impact the perception of price discrimination. Hotel changes their rates based on the client, the region, or the product and are said to use segmented pricing or differentiated pricing (Yelkur et al., 2001). Fakhri Tomalieh (2014), price discrimination occurs when identical sales of goods or services are offered at different prices by hotels. This type of pricing strategy is used by hotels, and airlines in the fully competitive market. Many oligopolistic marketplaces include price discrimination because businesses can base prices on previous guest purchases. If there is competition, price discrimination may be increased beyond levels that would be advantageous for a monopoly. Ahmed & Ahmed

(2010), stated that price discrimination is beneficial when demand's price elasticity varies across markets. Pricing differences for services delivered through various channels of distribution could be the result of providing different offerings to different guest categories at different pricing.

According to Kimes & Wirtz (2003), stated that Many hotels are hesitant to adopt differential pricing due to the possibility of customer backlash if they were to increase prices without justifying them with cost increases or market changes. Yelkur et al. (2001), the Internet is a very effective tool for gathering, organizing, and sharing information. As a result, all forms of communication, verbal, and written words as well as visual images are incorporated into the internet.

Internet marketing is one of the newest distribution strategies that hotels are using to connect with visitors, according to Law et al. (2007). Because it is so transparent and allows visitors to rapidly and easily compare rates for a range of options, the Internet fosters more accurate pricing. Law et al. (2007) claimed that variable room pricing strategies and ongoing shifts in demand are the reasons behind variations in room tariffs. Additionally, the hotel sector uses a variety of pricing tactics, including package prices, extended stay rates, best available rates, corporate rates, discounted rates, and others (Mattila & Gao, 2016).

2.3.1 Customer Segment

Customer segments influence hotel differential pricing for example, the hotel charges different prices for the identical product to business clients, leisure clients, travel agencies, direct booking, central reservation system, global distribution system, etc. (Lii & Sy, 2009a). Further, it is important to understand effective differential pricing with regard to different market segments, same room at different prices for different guest who is visiting.

According to Gichuru & Limiri (2017), customer segmentation is method of dividing the potential guests in a market into various groups or segments. Hotels start a range of

initiatives, including customer satisfaction programs, to increase client retention (Roland & Anthony, 1993). The common segmentation criteria include demographic, regional, cultural, social, psychological benefits considerations. Enz (2001) stated that seeking to maintain a competitive edge in the hotel business, enhancing guest profiling to better understand the demands and preferences of different segments is of the utmost significance. Market segmentation is domain of strategic marketing where businesses look to capitalize on an opportunity in a dynamic industry while aligning the diverse components of an organization with customers. One of the most discussed and used marketing concepts today is market segmentation, which is a fundamental idea in contemporary marketing (Green & Krieger AM, 1991).

According to Dolnicar (2002), stated that there are two basic methods for segmenting markets. The first assumes that all of the customers in the market are fundamentally the same, therefore the aim is to find groups that share certain differences. The breakdown approach is used to describe this. The second strategy is that a market is made up of several types of consumers. The build-up method is what is used in this. The breakdown strategy is likely the most known, most often used, and most established for dividing into consumer markets. Based on a defined set of criteria, market segmentation seeks to separate markets made up of persons into groups whose characteristics are largely homogeneous within each set of segments and heterogeneous between segments (Fatawu & Ahmed, 2014). It is crucial to stress that the segment must be substantial in the sense that it must be both sizable and lucrative enough to sustain the marketing entity's efforts in order to develop marketing mix tactics that are unique from those that target other segments. The term "substantiality" refers to the extent to which defined target segments are sufficiently large or have enough potential for sales and profits to support distinct or separate marketing initiatives (Kotler, 2000). Businesses have two options when choosing their target market: they may choose the full market without segmenting it or they can segment it based on market subgroups that they anticipate will grow.

According to Çınar et al. (2020), the market segmentation process involves the following steps:

- Separating a market, or prospective consumer base, into "market segments," or groupings of people with similar tastes.
- Choosing as "target markets" the most potential market groups, and
- Developing a marketing mix or strategies based on target markets' unique requirements, preferences, and behaviors.

Due to the variety of customer segments that the hotel sector must serve, a segmentation strategy is crucial to a company and can be used successfully (Kimes & Wirtz, 2003). The aforementioned empirical data allows marketers to learn more about client categories in the hotel guest room sectors, such as which customer category produces more income. For a better knowledge of the market condition, numerous other statistical analyses might be used (Chung et al., 2004).

2.3.2. Booking Quantity

Fakhri Tomalieh (2014) stated that pricing varies depending on the customer's ability to acquire items in the same category, such as single-night and bulk reservations. In order to capture a sizable portion of the market for the identical category of hotel room, hotels also provide extremely appealing prices to the groups, long-stay visitors, travel agents, etc. (Tsao et al., 2015).

Zhang et al. (2021) mention that the client selects the number of reservations in an effort to lower the estimated total cost. These hotel pricing strategies increase profits, but there's a good chance they'll drive away a frequent FIT (Free Individual Traveler) and deter them from coming back.

According to Zhang et al. (2021), bulk booking influences the customer's purchase intention and wholesale travel agency offers attractive price. Fong et al. (2018), there is empirical study that the number of reservations influences consumer behavior. The quantity and timeliness of Internet reviews may also affect consumers' purchasing decisions (Togas et al., 2019).

2.3.3 Booking Channel

When a customer makes a reservation through a number of booking channel such as hotel websites, OTAs, direct booking, and offline travel agents then it occurs differential pricing (Biełuszko & Marciszewska, 2018):

- Direct website bookings
- Online travel agencies
- Global distribution systems
- Wholesalers

According to Ferreira et al. (2014), the hotel sector is centered on booking channels since without them, travelers could not buy travel-related goods. In the internet time, several booking channels appear, when a hotel offers different pieces for the identical product in a different channel. Furthermore, Liu & Zhang (2014), stated that the websites of hotels and online travel agencies are the two most used channels for booking hotels online. Both of these Internet hotels booking methods have advantages and drawbacks.

2.3.4 Reservation Timing

Prices are modified depending on variations in demand, which is further determined by the seasons like "peak and off-season and the time of reservation" for future usage of goods and services. For instance, two distinct clients have scheduled visits to the same star hotel, but there is a difference in the time between when they booked their hotel rooms: Customer A made their reservation one month in advance of the arrival date, while Customer B made their reservation only a week beforehand (Lii & Sy, 2009; Kimes & Wirtz, 2003)

Findings by Sánchez et al. (2020) indicated that when making an online reservation, timing becomes essential for obtaining a good deal and avoiding ambiguity. An online booking engine will produce a data set for hotel room rates in a limited location that covers weekend and midweek accommodations as well as various advance booking

possibilities. The advance booking window is limited to exclude any seasonality influence, and certain pricing characteristics are associated with it (Schamel, 2012).

2.4 ROOM BOOKING DECISION

According to Vo et al. (2022), guest room booking decisions are mainly influenced by factors such as hotel brand, guest review, and willingness to pay however other factors are security and high-quality services. Furthermore, the findings indicate that consumer decision-making has the greatest influence on online guest reviews of hotel services and how well such services are handled by customers. Sparks & Browning (2011), stated that the customer's perception highlighted the importance of online guest reviews on hotel booking behaviour. Furthermore, describes the guest's purchasing behaviour in a model for online bookings used in hotel revenue management (Gao & Bi, 2021).

According to Djan & Adawiyyah (2020), purchase decisions are actions taken or behaviors shown in reaction to an object. Thomson has identified four factors that influence purchasing decisions, including:

- **Need**: A buyer has purchased a product because it satisfies his demand and is simple to locate.
- **Benefit**: The customer actually receives benefits from the acquired product.
- **The right product was purchased**: The product's price complies with the customer's requirements for quality.
- **Repeat purchase**: a situation in which customers made repeat purchases because they were happy with their earlier experience.

The five stages are explained in the following based on the decision-making process model above (H. Ali et al., 2021).

Figure 2.1: The five-stage customer decision-making process

Source: (Kotler Philip & Kevin Lane Keller, 2012)

I. **Problem Recognition:** The purchase process starts when a buyer learns about a problem or necessity. This need needs to be acknowledged in order to discover unmet and unfulfilled needs and wants.

II. **Information Search:** A customer that is already intrigued might be looking for more details, but they might not be. Consumers can obtain information from a variation of sources, including;

- Personal Resources: friends, neighbours, and family.
- Commercial sources include packaging, displays, salespeople, and agents.
- Media outlets and consumer rating agencies are examples of public sources.
- Handling, examination, and product use are the sources of experience.

III. **Evaluation of Alternatives:** the phase of the purchasing process where customers use the information to evaluate several brands while choosing a gadget. This assessment cannot be divorced from the impact of the available resources (money, time, and information), as well as the potential for making a poor decision.

IV. **Purchase Decision:** guests develop preferences for the brands in the choice set during the evaluation stage. Due to brand loyalty, customers may also decide to purchase anything.

V. **Post-purchase Evaluation:** the phase of the decision-making process where guest based on their satisfaction with a purchase and choose to take next action.

According to Schwartz (2006), different factors influence customers' preferences for various available room rates during the hotel booking process. Customers can select a variety of product attributes when making an online hotel reservation. Dwyer et al. (2013), argued in favor of the advanced booking concept. It was suggested that studying the influence of time on a booking decision will give enterprises a better knowledge of the time-related changes in guest perception and readiness to book a room. As a result, businesses might use better revenue management techniques.

According to Gavilan et al. (2017), stated that when guests choose a hotel their decisions are influenced by a number of different aspects, including pricing. Some researchers have used a variety of research techniques to look into how online ratings and reviews affect hotel booking decisions. Additionally, Park et al. (2017), the growth of the Internet has made it simple for guests to conveniently book their hotel rooms by going to either online travel agents or hotels' own websites. On their mobile devices, travelers may also make hotel reservations. Furthermore, research suggested investigating the effects of hotel location, and room rates on room booking decisions. Amin et al. (2021); Law Rob (2018), intended that the functionality of a hotel website indicates the degree of detail capacity including the content's ability to provide detailed information about the hotel's products and services.

2.4.1 Hotel Brand

According to Kwun & Oh (2007), in the hospitality industry, brand image is defined as a strong, positive, and distinctive hotel brand which are associated with guest decision-making. The general perception of a hotel brand has also been discovered to be related to the hotel brand image. Tsang et al. (2011), stated that it is vital to clarify that brand awareness refers to the perspective image building of the brand in order to comprehend trust. The guest association with a brand show both the association and the image represent either objectve or subjective reality. Furthermore, guest attention can be attracted to a brand by increasing brand awareness. The hotel staff will feel more like a member of the team when they have positive associations with the brand.

According to Falihah et al. (2021), demonstrated that customer reviews posted online have a substantial impact on how trust and brand perception are formed for hotels. More than hotel evaluations, prospective guests believe testimonials from actual past guests who have stayed there. The client thinks that the hotel's evaluation is merely meant to be favorable in order to persuade the client to book a room there. Brand image refers to how consumers actually view or value a company or product. A person's memory of a brand will be retained for a very long period. One of the marketing methods is to build a positive brand image among consumers. This positive reputation can result in devoted consumers, which will help the business gauge how much demand there is. Because it influences booking choices, the company's attempt to build a positive brand image is one method for winning the competition (Kotler Philip & Kevin Lane Keller, 2012).

2.4.2 Guest Review

According to Cheung & Thadani (2012), the foundation of today's hotel industry is feedback from customers who leave evaluations. Hotel employees must read and pay attention to previous guests' remarks in order to prevent them from becoming too much of a burden. Some researchers suggested that online guest reviews are probably reliable.

According to Radojevic et al. (2017), factors such as the visiting destination mentioned in guest reviews have an impact on Trip Advisor's rating for guest contentment. The characteristics of the visitors are greatly influenced by these variables. Furthermore, subjective aspects like value for money, quality of sleep, and overall service play a major role in determining how satisfied internet reviewers are with hotel services. Any positive internet evaluations emphasized the crucial elements of guest satisfaction and service quality assessment. Jean Harrison-Walker (1968), described as informal, face-to-face communication that centers on a brand, good, or service and is between the non-commercial communicator and receiver. Digital marketing strategies leverage online customer reviews to provide prospective customers with review of a product or service from the viewpoint of users who have already used it. One of the social media sites that clients frequently prefer to select a hotel or restaurant based on guest ratings is TripAdvisor (Gozzali & Kristanti, 2013). Beverley & Victoria (2011b), stated that

product ratings are influenced by customer feedback. Positive and negative reviews have varying impacts on trust and hotel reservation choices. Furthermore, positive hotel review influences a guest while favorable decision-making for hotel room booking.

2.4.3 Willingness to Pay

According to Jeong et al. (2019), price is seen as the perceived cost of acquiring a service from the perspective of a guest. Furthermore, various theories like the adaption level theory, assimilation-contrast theory, and prospect theory are centered on pricing (Stangl et al., 2020). The highest price a guest is willing to pay for a given quantity of an item or service is referred to as their willingness to pay (Cameron & James, 1987). Travel motivation ignores the reality that segments may vary not just in terms of travel preferences and demography, but also in terms of willingness to pay and perceptions of pricing (Mgxekwa et al. 2018).

According to Dwyer et al. (2000), a crucial management responsibility is setting prices for guest products while taking into account a variety of aspects including costs, price sensitivity of guests' willingness to pay, and competitor's prices. It is evident that none of this previous research has looked at price sensitivity when cooperative strategies between suppliers have been used to determine WTP. Lewis & Shoemaker (2015), the price variation that consumers are prepared to pay for self-assembled vacation packages will be revealed which will shed light on price sensitivity.

2.5 PERCEIVED SERVICE QUALITY

According to Jamal Ali et al. (2021), the philosophy of quality can be characterized as elusive because it has various qualities and it is crucial to split between products and services. M. J & Afza (2019), stated that in the hospitality industry, service always involves people's attention, particularly the interactions between guests and employees, also known as service encounters. The successfulness or failure of the hotel industry depends on the overall effect of service delivery between guests and employees. The

term "perceived service quality" (PSQ) refers to how well hotel guests evaluate the services they receive as compared to their expectations shown in Table 2.2.

Table 2.2: Dimensions - Perceived Service Quality

Dimension	Explanation
Tangible	Physical facility, tools & appearance of personnel.
Reliability	Accurate and consistent services provided as per the promise.
Responsiveness	Willingness to assist guest and deliver timely service.
Assurance	The staff's expertise, courteousness, and capacity to build the confidence and trust in guest.
Empathy	Comprehension, special care the hotel provides its guests.

Source: (Lee et al., 2011)

Kim et al. (2016) state that overall ratings represent how satisfied guests are with their hotel stay. Stated otherwise, visitors will provide a higher rating to the hotel if their expectations are fulfilled, and a lower rating if their level of satisfaction is not up to par. Amin et al. (2013), stated that PSQ is described as the guest's evaluation of the total quality and differentiation of the offered services, and it primarily evaluates perceived quality. Due to the enormous impact on corporate performance, guest satisfaction, retention, and profitability, researchers have been focusing on the idea of service quality over the past three decades. Guest satisfaction is the guest's assessment of offered facilities and services with regard to whether they satisfy their needs.
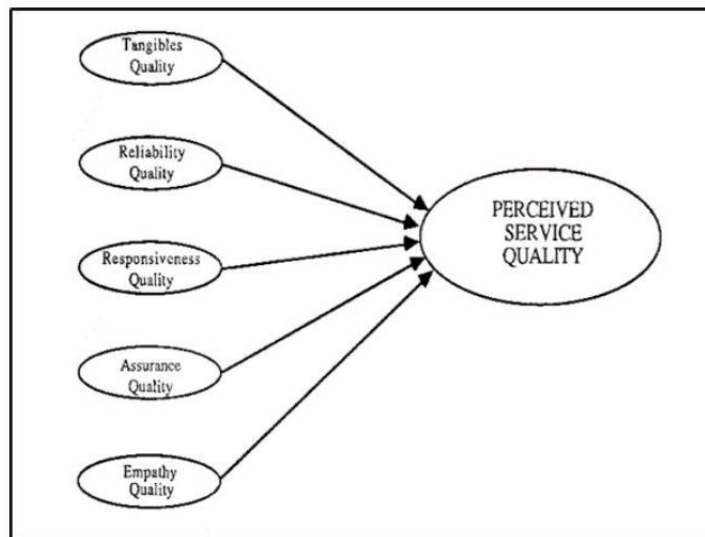
Source: (Ye Aung & Supinit, 2016)

Malik (2012) stated that expectations play two distinct roles in satisfaction: firstly, they serve as comparable referents and secondly, they anticipate satisfaction. The client feels that they directly affect satisfaction levels when we discuss expectations as anticipation. Therefore, the idea of expectations acts as the benchmark by which performance results are assessed. If actual outcomes exceed expectations, the consumer is said to be content; if expectations exceed actual outcomes, the consumer is said to be unsatisfied. Furthermore, Expectations can be equated with views of service quality prior to using the service. These perceptions prior to service usage become expectations based on perceived performance and hence become perceptions of quality after service use.

According to Malik (2012), when a service provider performs better than expected, clients create positive disconfirmation. When the services are delivered by the service providers falls short of the expectations of the customers, negative disconfirmation will occur. The perception of the quality of the services rendered will suffer if expectations are not met.

2.5.1 Reliability

According to Parasuraman et al. (1991), the service provider makes promises and shows whether they keep them and how valuable they are to the actions. Reliability reflects

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the capacity of the service provider to deliver the service consistently and accurately. For guests, it is one of the most important aspects of "doing it right the first time".

According to Sadeghi et al. (2017); Ladhari (2009) stated that hotel staff should follow service delivery procedures precisely to increase guests' trust. The hotel managers should more focus on education and training to make sure that their staff members fully understand the importance of monitoring and managing the emotional responses of guests. To provide high-quality service to guests, hotel staff need to enhance their skills. Furthermore, Omar et al. (2015), few empirical research claims that reliability is the quilt significant aspect of e-commerce quality, which is also a significant aspect of the SERVQUAL scale. Making customers believe that an organization will fulfill its commitments is crucial in the virtual world. Customers can notice consistency and credibility by looking at the reliability dimension's attributes, which include:

- Timely delivery services.
- Finished order service.
- The company's disclosure of all relevant information.
- The internet service is constantly accurate.
- Meeting service agreements.
- Fulfilling promotion commitments.
- Accurate records for internet bookings.
- The site is constantly accessible.

Putra (2019) stated that a factor influencing customers' choice of hotel is dependability and credibility, especially when it comes to product delivery, guarantees, or refunds. In addition to providing a guarantee in the event that the item is not delivered to the customer's address, the hotel must be able to ensure that the item is delivered to the client in a timely way and allow the customer to return any items that satisfy their expectations. The ability to provide the promised service accurately and dependably is what reliability is referred to as. Reliability in this context refers to the organization keeping its commitments in the fullest sense. Assurances on the provision of services, the handling of issues, and pricing. Customers desire to continue having positive

interactions with a service provider that honors its commitments, especially those relating to the service outcomes and fundamental service characteristics (Mamilla et al., 2013).

2.5.2 Responsiveness

According to Ali et al. (2021), requests from guests must be answered immediately away to avoid turning them into complaints. Moreover, the ability of service providers to make sure that they are delivering a service on time is a vital component of service quality for the guest. A guest will feel content or dissatisfied based on how perceived products relate to their expectations. Stated differently, a happy customer is one whose level of service matches their expectations; yet, meeting guest expectations is difficult enough in the hotel industry. Quick responses from hotel employees will draw guest attention by addressing more of their demands, queries, and other issues. The relationship between guests and service providers will become significantly stronger as a result of all elements.

According to Berinyuy et al. (2021), mentioned that the readiness to assist clients and the fast delivery of services are both examples of responsiveness. An essential component of service quality that greatly affects customer satisfaction is employees' willingness and desire to deliver services and their promptness in doing so. Furthermore, remarked that responsiveness, which also includes awareness of customer needs and wants, flexible operation hours, special attention to clients, and safety in transactions, influences customer happiness and willingness to stay or leave the organization. They came to the conclusion that rapid communication increases customer satisfaction because it enables them to make prompt and better decisions based on the timely input they receive. Customer responsiveness is defined as the degree to which a company is able to offer quick services, a range of services, and a desire to assist clients within the service delivery system. Additionally, responsiveness is the operational performance that assesses a service provider's ability to meet customer demands for quality, timeliness, and flexibility (Norlena et al., 2013).

According to Munusamy et al. (2010), stated that prompt response to consumer requests is what is meant by responsiveness. Moreover, according to responses to the study, there is a relationship between responsiveness and customer satisfaction, but it has a negligible impact. Infer that being responsive is necessary, but not essential, for delivering quality service. This conclusion confirms that bank customers prefer dealing with machines over people, as evidenced by a previous study. The design of machines allows for faster response times than those of humans, and they are constantly getting better. Even so, emotions can have an impact on human reactivity, which lowers productivity. The fact that equipment can malfunction from time to time is something that customers can accept, but they cannot accept if the bank personnel fail to meet their needs in a timely manner. The perceptions from these are different. Receptiveness is related to interactions with patients during the little time they need to wait for assistance, clarification, or attention to problems. The concept of responsiveness encompasses flexibility and the ability to adapt the service to customers' needs (Dauda et al., 2022).

2.5.3 Tangibility

According to Amin et al. (2013), The visible look of a physical structure, equipment, workers, communication tools, etc. is what is meant by tangibility. Physical appearance encompasses the way a building and its surroundings appear. Additional tangibility pertains to the appearance of hotel staff as well as the state of the rooms, restaurants, and other public areas. Physical things, machinery, personnel appearance, and user presence are all considered aspects of tangibility. One of the few aspects of the service that prospective customers are aware of and may assess before the service itself is the tactile component (Maric et al., 2016).

Rauch et al. (2015) and Ali et al. (2021) both cited the tangible representation of the services rendered to guests, especially new guests, as a means of evaluating the quality. Even Nevertheless, service providers frequently utilize tangibles to enhance their brand. Tangibility encompasses various aspects such as the cleanliness of eateries, rooms, and other areas; the staff's uniform grooming; whether or not they wear disposable gloves;

and so on. Furthermore, Ali et al. (2021), stated tangibles considers the most crucial element for the visitor out of the five dimensions. Through images, it offers a concrete representation of the services, which clients especially those who are new will use to assess the quality. While service providers communally utilize tangibles to uphold their reputation, maintain consistency and signal quality to customers. Many hotels combine tangibles with other components to create a plan to excellence service.

According to Hartline & Jones (1996), the effects on cleaning and hotel service staff cues may be influenced by tangibles. Out of all the employee cues we looked at, only those who work in room service provide both intangible (meal) and tangible goods. The reason behind the impact of room service employees' performance on perceived value but not on perceived quality could be attributed to their greater tangibility. In contrast to the service delivery i.e., pleasant housekeeping staff, hotel guests may assess housekeeping staff performance in terms of service result i.e., a clean room.

2.5.4 Assurance

According to Zeithaml et al. (1993). Assurance is described as building trust and certainty, personnel information, and the hotel capacity to reduce room booking risks. The guests should feel secure when they are using various hotel services and also, they feel protected during their stay in the hotel. Additionally, based on research shows that guests should feel secure in all financial records and hotel staff should be reliable (Cronin & Taylor, 1992). In order to provide exceptional service, hotel employees can be trained, management can hire the right candidates with the proper talents. Furthermore, in the eyes of both guests and hotel employees, providing services is made easier by logical methods, equipment, and technology (Sadeghi et al., 2017). Guests have trusts in hotel reputation when they obtain for service, switch services, or need guest support. Trust is a key mediator between guest behavior before and after booking a hotel room which increases re-purchase intentions and fosters long-term loyalty, strengthening the bond between the two parties (Garbarino & Johnson, 1999).

According to Rao & ahu (2013), claimed that the assurance dimension includes elements such as a staff's ability to inspire confidence and faith as well as their skill, demeanour, security, and credibility. Additionally, the results demonstrated that although the factors of assurance generated the highest amount of expectation, the tangibility factors satisfied the highest degree of perception.

2.5.5 Empathy

According to Homburg et al. (2012); Aaker & Williams (1998), The ability to perceive and emotionally empathize with the thoughts, feelings, and experiences of another is defined as empathy. Empathy satisfies the need for harmony and unity by encouraging a sense of connection and belonging. It's the ability to empathize with someone on a social or intimate level. Since empathy is "being able to communicate care and understanding through the interpersonal skills of the staff," it is important and crucial to the overall satisfaction of the customer.

According to Lau et al. (2013), there is a favourable connection between service quality and client satisfaction; After assurance and tangibility, empathy showed the strongest positive correlation with customer happiness. Numerous studies have determined that factors related to service quality are factors that influence customer satisfaction. Empathy refers to the degree of concern or the expression of shared emotions with consumers by staff members. Their moral interaction and mutual understanding with one another exhibit this service quality attribute. Employees excel most at managing empathy when they are aware of the needs of the consumer. Customer satisfaction and empathy are positively correlated. Furthermore, Berinyuy et al. (2021); Lee et al. (2011b), stated that customers might be persuaded to be extremely satisfied with an organization when employees are highly skilled and recognize, and detect areas of consumer need in service quality. In order to service a client with some comfort and satisfaction, an employee must first understand the client's attitude. The organization risks losing clients if staff lack this quality, thus it is crucial that they possess it.

According to Vencataya et al. (2019), mentioned that in order to establish a long-lasting emotional connection with their clients and to cater to the empathy part of service quality must prioritize developing one-on-one relationships with their clients. This has a significant impact on the degree of client satisfaction. Both male and female portions of the population agreed that empathy was the most crucial element in predicting customer happiness. The other four dimensions, with the exception of Assurance for females, were also found to be significantly associated with predicting contentment. This result is consistent with recent literature, which has focused on the quality of interaction and highlighted how an employee's expertise, attitude, and behaviour is important.

According to Brady & Cronin (2001), Empathy has been compared to altruism since it is an emotional reaction that is motivated by internalized values and individualized norms and causes one person to want to help another. According to research, the quality of a service is directly influenced by how guests perceive its dependability, responsiveness, assurance, and empathy. Service environments such as hotels and restaurants involve interactions between frontline staff and guests. These conversations are probably going to produce pleasant service results if concentrated empathy is shown (Wieseke et al., 2012).

According to Bahadur et al. (2018), the ability to understand another person's ideas, feelings, and experiences, to relate to that person's emotional experience, and to react to that other person's reported experiences is known as empathy. Daily service procedures that promote a pro-customer image must also demonstrate empathy. Positive interactions and moments between hotel employees and customers are said to be based on empathy. Empathy is viewed as a source of client satisfaction. Emphasizing empathy is essential to highlighting the need for staff autonomy to act or respond empathically in order to solve customers' problems (Costa & Glinia, 2003).

According to Li & Suomi (2009), customers' empathy is demonstrated by giving them individual attention. Always consider the customer's needs when responding to them, and demonstrate that you understand them. Empathy has a key role in how customers

perceive the quality of e-service in a virtual setting when there are no in-person interactions. The traits that make up the empathy dimension are listed below;

- Good individualized care.
- Sufficient contacts.
- Resolve complaints amicably.
- Continually polite.

Bahadur et al. (2020), a positive association between these two variables is suggested when looking at the relationship between employee empathy and customer satisfaction with service employees during customer-employee interactions within hospitality services. Understanding another person's internal frame of reference, as well as their emotional contents and meanings, is referred to as empathy.

2.6 GUEST SATISFACTION

M. J. & Afza (2019), a guest's satisfaction is described by comparing their perceived service delivery with their expectations, and this comparison determines their level of enjoyment or disappointment. Guest satisfaction is the main result of perceived service quality in the literature on differential pricing. In today's cutthroat industry, maintaining a high standard of product and service for guests is contingent upon their pleasure. Re-visit intention and e-word of mouth are positively correlated with a favorable perception of the hotel's quality of goods and services (Mohammed et al., 2019).

Mouzaek et al. (2021), discussed SERVQUAL model is primarily made to determine how the service industry can attain guest satisfaction. A significant competitive edge in the hotel business is having highly satisfied guests (Liang & Zhang, 2011). Guest satisfaction is the evaluation between prior expectations and offered services by the hotel (H. J. Kim, 2011). Ali et al. (2016); Amin et al. (2013), revealed that satisfied guests can benefit hotels in a variety of additional ways such as loyalty, word-of-mouth marketing, and paying higher pricing. The positive result depicts guest satisfaction from perceived service and guest expectation whereas it results in disappointment. Guest

satisfaction and loyalty are crucial for hotels to acquire market share and maintain profit growth whereas perceived value encourages customers to re-visit (Prasad et al., 2014).

LE et al., 2020), revealed that customer satisfaction is the client's assessment of the service following use. Customers can effectively determine whether their needs and expectations have been satisfied by using this emotional response attribute when using a service. The term customer satisfaction refers to a consumer's personal evaluation of a good or service. Customer happiness matters since it impacts profitability for long-term growth. Customers are considered satisfied when they pay more than other customers, rarely save money, and effectively promote products and services vocally.

Usta et al. (2011), Identification of dimensions that indicate a strong or weak impact on guest satisfaction can assist hotel managers in making decisions about the direction of their services. The chance of a guest returning, their level of satisfaction, and their recommendation to others (word-of-mouth) can all be predicted using attribute satisfaction scores as an independent variable. The examination of both overall and attribute satisfaction in this study is warranted by factors. A post-purchase assessment of product quality in the view of pre-purchase expectations is lead to as satisfaction. Additionally, it was shown that there is a substantial association between customer happiness and loyalty, and that service quality has a direct and significant impact on consumer satisfaction. According to Pazir & Amin (2015), client satisfaction can be described as how well a company meets a client's needs and wants in accordance with his or her expectations before the customer ever receives the goods or services. A customer bases their evaluation of a service or product on their expectations from the customer's perspective. Beginning with the initial interaction a firm has with a customer, customer happiness lasts the duration of relationship with them. Moreover, customers are content with your goods and services is known as guest satisfaction. Satisfying visitors should be the primary goal of anyone working in the hotel industry.
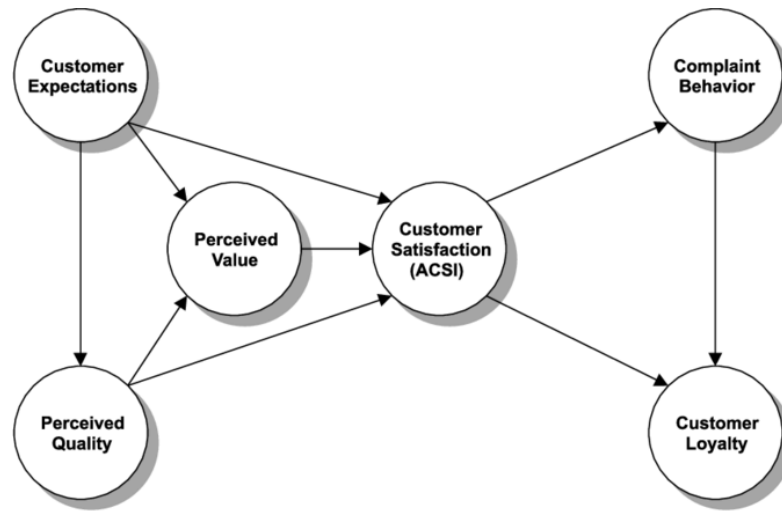
Figure 2.2: American Customer Satisfaction Index Model

Source: (Fornell et al., 1996)

The hospitality manager must make sure that clients feel welcomed, courteously treated, and efficiently served in a spotless, secure environment where the greatest products are offered at competitive prices. This is the only way to guarantee that customers will continue to be satisfied.

According to Rossanty (2019), when a customer is satisfied, it means that a product or service has met or even exceeded their expectations. When a product meets or exceeds a customer's expectations, they can feel satisfied or frustrated. When an alternative to a chosen product or service meets or surpasses the customer's expectations, it is considered a customer satisfaction evaluation that occurs after a service is rendered. In the meanwhile, when outcomes fall short of client expectations, discontent occurs. Consequently, the gap between what the consumer receives and what they expect determines the degree of satisfaction. Customers will be dissatisfied if the product or service performs below their expectations. Satisfied clients typically have a favorable perception of the business, are more devoted, and are less price-sensitive. Thus, the business should strive to satisfy guests. Guest loyalty is impacted by the perception that is formed around guest happiness, which is not just significant for hotels. In the hotel industry, guest satisfaction measures how well you can meet the needs of your visitors

and give them a comfortable stay. Moreover, it gives you a clear advantage over rivals, which boosts profitability, retention, and growth. Customer satisfaction is determined by the quality of the welcome, the services rendered, the expenses incurred, and the standards of guest service. In addition, accessibility and hotel architecture have a significant role in determining how satisfied customers are. Nonetheless, studies on visitor satisfaction and cost-cutting techniques have presented a variety of viewpoints (Gaturu et al., 2022).

According to O'Neill & Mattila (2004), in terms of future brand occupancy levels, guest service has a long-term impact on the health of hotel brands. Therefore, the zeal with which brand management punishes and/or fires franchisees for offering comparatively subpar guest service could have detrimental effects on the company's future success as well as its reputation. Moreover, the study revealed that brands with higher guest satisfaction scores not only attain higher average daily rates over time but also see far larger percentage rises in their average daily rates. The key takeaway for hotel brand managers is that, despite the fact that hotel visitor satisfaction undoubtedly has an economic cost to operators, empirical data shows that guest satisfaction gives a definite economic.

According to Anderson et al. (1994); Fornell & C (1992); Yi, (1990), scholars concur that a crucial component of company success is satisfaction, and there are a number of important advantages for businesses;
- Improve the company's reputation and positive image.
- Raise sales volume because happy customers make more purchases.
- Reduce marketing expenses to draw in new clients.
- Increase positive word-of-mouth that lowers buyer risk and provides immediate awareness.
- Improve efficiency in responding to customer needs.
- Increased staff stability.
- Increased loyalty.
- Increased profitability and market share.

According to Worsfold et al. (2016), resulted that the physical characteristics of the hotel and the degree to which guests are satisfied with the service have varying effects on their perceptions of value and their inclination to return. One of the main conclusions is that visitors' intentions to return are substantially more strongly correlated with their satisfaction with a hotel's physical features than with their level of service. The degree of job satisfaction among staff members is positively correlated with customers' satisfaction level and likelihood of returning. Guest satisfaction with the hotel's physical features had the biggest influence of all the criteria directly influencing their decision to return. On the other hand, contentment with the physical features is not important, but pleasure with the service is connected to the guests' opinions of value. Return intention is unaffected by the value that guests perceive.

Halim et al. (2013), according to the study's findings, anticipating future cash flows, stock performance, long-term financial metrics, and shareholders' value is made easier when there is superior customer happiness. Studying a related topic, it was discovered that market-to-book ratios, equities, and financial market indices all positively correlated with a company's present customer satisfaction level. The goal of a more current, pertinent study was to better comprehend the marketing-finance interface and identify how marketing strategies and financial ideas relate to each other in the tourist and hospitality sectors.

According to Mouzaek et al. (2021), the report provided that excellent service enables businesses to better satisfy their clients and meet their wants and expectations. Thus, by providing top-notch services that satisfy client demands and expectations, organizations can increase their financial success. Thus, enhancing the quality of hotel services may lead to increased customer satisfaction.

According to Raza & Khuram (2012); Petrick (2004); Parasuraman et al. (1988), mentioned that a guest's "total evaluation of a product's usefulness based on their impressions of what they receive and are offered is known as perceived value". Furthermore, various studies indicate that perceived value is a significant factor in consumer satisfaction which highlights that a key component of customer happiness

and repurchase intention is perceived value. Service quality and perceived value have received increased attention recently, the majority of research has suggested that one of these two factors is the only antecedent variable that influences customer satisfaction. Guest satisfaction was directly influenced by perceived value, and tourists' intentions to return were influenced by their pleasure. Though tourism and hospitality have given a lot of emphasis to the idea of perceived worth (An et al., 2019).

Hayat & Esenyel (2020), revealed that perceived value can also be defined from quality, money, and inconvenience perspectives. The amount paid for the specific goods and/or services is only one aspect of the sacrifice; other non-monetary costs include the transaction cost, search and negotiating expenses, and time spent on the purchase. Experience quality is thought to directly and substantially impact perceived value and satisfaction. Support from earlier research indicates that perceived worth positively impacts overall satisfaction. The impact of service quality on behavioral intentions is negligible, whereas perceived value and satisfaction both strongly and positively affect behavioral intentions. However, a mediated relationship exists between perceived value and satisfaction and the indirect impact of experience quality on behavioral intentions (Chen & Chen, 2010).

According to Prebensen et al. (2013), customer value is defined as perceived value has been understood in marketing research as being crucial to understanding guest behavior. Additionally, tested and defined perceptions of experience value have been found in tourism contexts like hospitality.

According to Morar & Dumitrela (2013), typically described from the perspective of the customer. Perceived value is defined as "a consumer's overall evaluation of the usefulness of a good or service, based on perceptions of what is given and received." Value is defined as "a trade-off of the salient give and get components," even though what is given and/or received varies amongst consumers. Further, Customers' perception of perceived value is influenced by social perception, which can provide them with a sense of comfort and confidence when they accept or adopt others' perspectives.

According to Ariffin & Maghzi (2012), the expectations and experiences of guests highlighted particular hotel features that should be prioritized in order to enhance visitor experiences and surpass expectations. The degree to which customers' expectations are met by the services they receive determines their satisfaction with customer service. Expectations from customers can also be defined as views about how services should be provided that act as benchmarks for evaluating the actual services that customers receive (Vu & Thai, 2002). The disconfirmation theory examines the differences between a guest's perceived actual performance and guest expectations and results in the factors as follows;

- The customer's prior experience.
- Referrals from other customers.
- The customer's individual needs.

Zeithaml et al. (1993b), stated that service quality can be defined as the difference between the expectations and perceptions of the customer. They provided a wide definition of expectations, saying that expectations are what customers want. Furthermore, Researchers in the service industry have begun to examine the term "customer expectations" more and more. Although customer expectations have been studied in a variety of research contexts, customer satisfaction and dissatisfaction as well as service quality research studies have looked into them in greater detail. The customer's expectations for a product can be conceptualized as a progressive hierarchy consisting of three levels: basic expectation, identification and requirements, and pleasure or delight. These three expectations are frequently referred to as hidden expectations, clear expectations, and implicit expectations. Guests have expectations regarding the quality of service they will receive from a company, and it is often acknowledged that producing results that either match or surpass these expectations is the key to producing high-quality services (Calvert, 2001).

According to Zeithaml et al. (2006), It's also considered that hotel attributes, including its star rating, have an impact on guests' expectations of hospitality. One could see a star rating as an obvious assurance of the quality of the services. Furthermore, the definition of customer expectations is the perception that customers have about the

services that they receive. The perception of the overall quality of the service will be favorable if the performance meets or above the standard, and vice versa. Expectations or the degree of client expectations serve as a gauge for customer satisfaction (Luh et al., 2022).

Table 2.3. Approaches to the study of constructs

Constructs	Variables	Sources
Differential Pricing	- Customer Segment - Booking Quantity - Booking Channel - Reservation Timing	(Biełuszko & Marciszewska, 2018); (Magdy & Mayouf, 2017); (Fakhri Tomalieh, 2014); (Ahmed & Ahmed, 2010); (Lii & Sy, 2009a)
Room Booking Decision	- Hotel Brand - Guest Review - Willingness to pay	(Mongkhonvanit, 2020); (Syed & Suroso, 2018); (Jang et al., 2019); (Mathur et al., 2019)
Perceived Service Quality	- Reliability - Responsiveness - Tangibility - Assurance - Empathy	(Ali et al., 2021); (Alauddin et al., 2020); (Sujay, 2019); (Ali et al., 2017); (Latif & Ariyanti, 2016)
Guest Satisfaction	_	(Xie et al., 2022); (Samudro et al., 2020); (El-Adly, 2019); (Ali et al., 2017); (Islam et al., 2015) (Amin et al., 2013); (J.-Y. Kim, 2013)

Source: (Author's own)

According to Ali et al. (2015), explained that growing more and more focused on customer satisfaction is what businesses need to do in order to thrive in today's fiercely competitive environment. The degree of happiness a consumer feels about their before purchase experience with a particular hotel. The customer won't be satisfied if the goods or service falls short of their expectations. Thus, in order to satisfy customers, service

providers must determine what expectations customers have of their offerings. The gap between what customers expect and perceive about a service is the level of service quality. If there was a negative service quality gap, the hotel service and product was falling short of what customers expected. When there was a positive service quality gap, the retailer met or surpassed the expectations of the customers (Hudson et al., 2019). Furthermore, variable is highlighted to study in Figure 2.3. The extensive literature review focused to identify the various factors of differential pricing, room booking decision, perceived service quality in relation to guest satisfaction. Furthermore, differential pricing plays very important role during room booking decision which balances profitability and the guest satisfaction. Previously various study was found related to dynamic pricing, penetration pricing and hotel service quality. This study purely focused on differential pricing, room booking decision, perceived service quality & the guest satisfaction to examine the relationship and their impact.
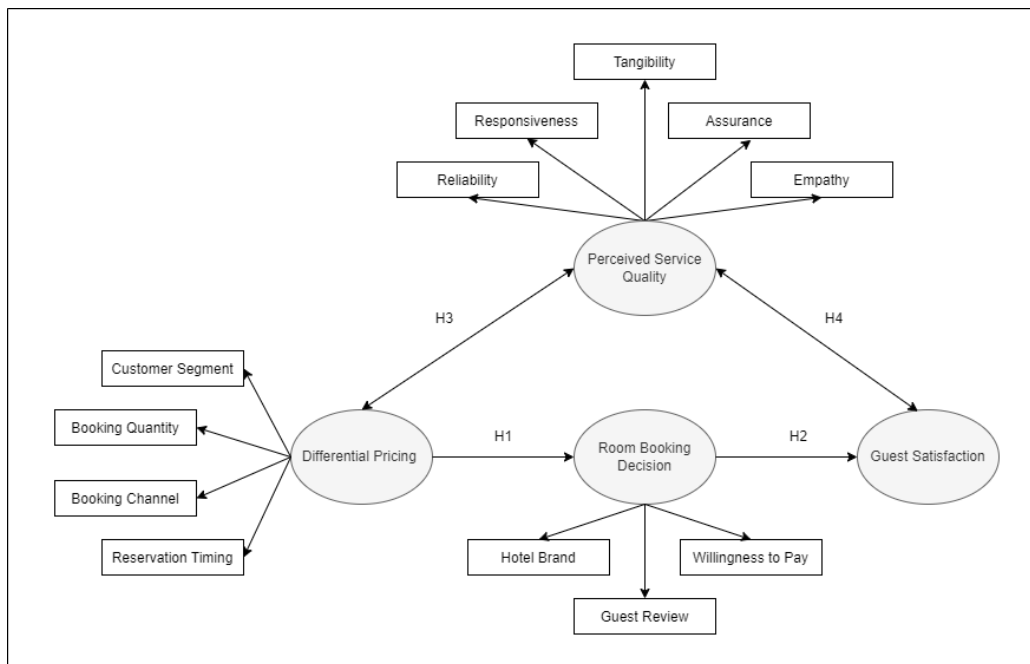
Figure 2.3: Conceptual Model of the Study

Source: (Author's own)

2.7 RESEARCH GAP

Sipic (2010) states that as customers are constantly looking for better offers, price is the key factor in their decision when selecting a booking channel. Price discrimination is regarded as one of the main pricing techniques because pricing is one of the main marketing instruments (Fakhri Tomalieh, 2014). Ng (2010) claims that hotels employ a yield management strategy in response to variations in supply and demand and set varying rates based on the product, clientele, channel, and time of day. In the hotel sector, perceived service quality (PSQ) refers to operationalized services including communication, responsiveness, confidence, and dependability (Sadeghi et al., 2017a). When customers register for services, transfer services, or require guest assistance, they put their trust in the service providers.

A customer who has faith in a business is assured of the services offered by the business and is more inclined to suggest it, claim Garbarino & Johnson (1999). The comparison between the service expectations and the perceived quality of the service offered to the guests further they determine whether they are satisfied or not (M. J & Afza, 2019). Location factor is one of the of segmented pricing strategies that recommends hotels to offer different tariff for different locations (Enz et al., 2008). Many studies on pricing strategies and hotel service quality have been conducted internationally, but very few of these studies have assessed the effects of differential pricing in the hotel industry and how it relates to perceived service quality and guest satisfaction (Tukiran et al., 2021). The study on mid-scale hotels and correlation with the factors including customer satisfaction has to be conducted.

2.8 SUMMARY

The review of the literature on various factors of differential pricing, perceived service quality, room booking decision, and customer satisfaction are summarized in this chapter. Analysis was done on how differential pricing affected these previously researched variables. The literature analysis on perceived service quality in the hotel sector offered secondary data for this study, highlighting the kinds of services and

procedures used in other hotels and their significance for various elements affecting business. The current study's theoretical framework was supplied by the literature review on the relationships. The core of the hotel business is room sales which further talks about the impact of differential pricing in mid-scale hotels.

CHAPTER - 3
RESEARCH METHODOLOGY

3.1 INTRODUCTION

According to Mohajan (2018), research methodology serves as the framework for conducting research procedures and is the process via which theories are produced. Research methodology is a scientific study that uses research techniques to address the research topic. In addition, a number of common methods that researchers employ to assess research challenges are explored, as well as the rationale behind them. The researcher needs to be well-versed in research methodologies and procedures in addition to methodology. Merely knowing how to compute mean, mode, median, standard deviation, chi-square, or to design particular indices or tests, or how to use particular research procedures, is insufficient for researchers. In addition, researchers need to understand the basic assumptions of various techniques. The criteria by which they can differentiate between approaches and methodologies that are and are not suited for a certain issue. All of this suggests that the researcher should tailor his or her method to the particular topic at hand because various problems may call for different approaches (Kothari, 2004). A summary of the research techniques and approaches used to accomplish the study's main goal is given in this chapter. The techniques used to achieve the study's goals are all based on accepted practices for scientific research methodology.

A survey of the literature helped to formulate the research's main objectives. The primary goals of the research were developed through a review of the literature. (Rajasekar et al., 2013), said that research methodology is a systematic way to solve the issues. It is a science that examines the best practices for conducting research. The methods that scientists employ to characterize, interpret, and predict occurrences are collectively referred to as research techniques. It may also entail researching the process of acquiring information. The provision of the research work plan is its main goal. According to Goundar (2012), a researcher needs to develop a research strategy for the

chosen issue. It should be remembered that even though the research methodology considered for two themes is the same, a research technique may differ. It is imperative that the researcher comprehends the technique as well as the specific research methodologies needed for the assignment.

This chapter is broadly categorized into the following sections:

- **Statement of Research Problem**
- **Objectives of the Study**
- **Development of Research Hypothesis**
- **Research Design and Methodology**
- **Survey Approach**
- **Research Questionnaire Design**
- **Content Validity**
- **Face Validity**
- **Pilot Study**
- **Summary**

3.2 STATEMENT OF RESEARCH PROBLEM

This study focuses on a number of variables of differential pricing, room booking decision, and perceived service quality and how this affect guest satisfaction in mid-scale hotel. According to Ellis & Levy (2008), one of the most important parts of research is adequate statement of the research problem. Furthermore, the foundation for the relationships between the many components involved in research is the research problem. Research can be appropriately planned and carried out when the research problem is well-defined. All efforts, resources (money and time), and time will be lost if the problem is poorly characterized.

Research Questions:

- What are guest preferences for selecting mid-scale hotels?
- Is there any impact of differential pricing on room booking decision?
- Is there any impact of room booking decision on guest satisfaction?
- Is there any relationship between differential pricing and perceived service quality?
- Is there any relationship between perceived service quality and guest satisfaction?

The conceptual map of the problem-based research cycle provided in Figure 1 demonstrates this interconnectedness by showing how important the research problem is to the whole project.
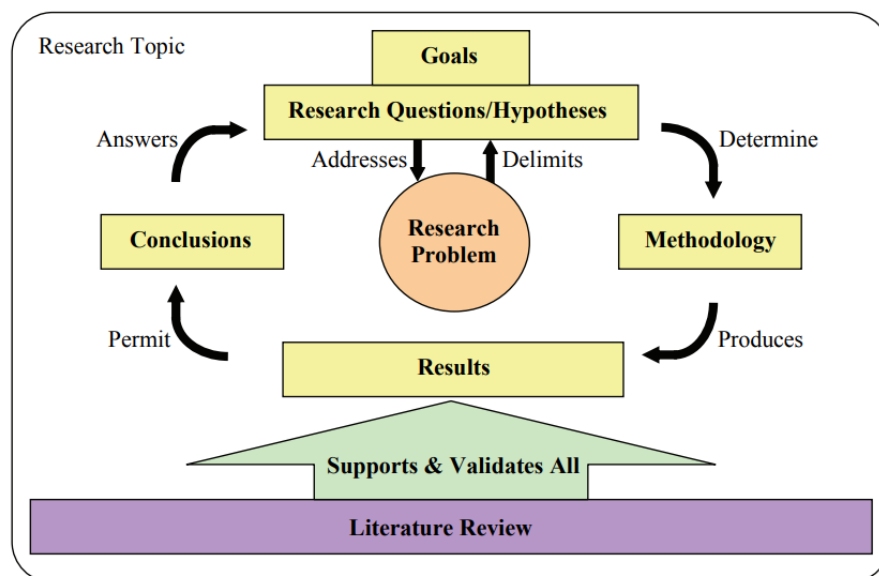
Figure 3.1: Conceptual Diagram for the Problem-Based Research Cycle
Source: (Ellis & Levy, 2008)

3.3. OBJECTIVE OF THE STUDY

The purpose of the study is to investigate the significant impact of differential pricing on room booking decision. And also assess the impact of differential pricing on guest

satisfaction in mid-scale hotels situated in Delhi, India. Additionally, to examine the association between room booking decision and guest satisfaction. Differential pricing, according to Ahmed & Ahmed (2010); Gwin & Gwin (2003), is the practice of offering various prices for the same good or service.

When making hotel reservations and using the services while visiting, visitors' perceptions of the value and satisfaction of the provided goods and services are never the same. It is acknowledged that two important concepts pertaining to guests are perceived service quality and guest happiness (Mohammed et al., 2019).

The objectives of this study are addressed here are as follows;
- To study the guest preferences for selecting mid-scale hotels in Delhi.
- To examine the impact of differential pricing on room booking decision in the study area.
- To analyze the impact of room booking decision on guest satisfaction.
- To assess the relationship between differential pricing and perceived service quality.
- To assess the relationship between perceived service quality and guest satisfaction.

3.4 DEVELOPMENT OF RESEARCH HYPOTHESIS

The purpose of this study is to investigate how variable pricing in mid-scale hotels affects guests' happiness and their decision to reserve a stay. In addition, to evaluate the connection between perceived service quality and guest happiness, as well as the relationship between differential pricing and perceived service quality.

Based on the detailed literature reviews, thirteen variables have been formulated which are as follows:
- Customer Segment
- Booking Quantity

- Booking Channel

- Reservation Timing

- Hotel Brand

- Guest Review

- Willingness to Pay

- Reliability

- Responsiveness

- Tangibility

- Assurance

- Empathy

- Guest Satisfaction

Finally, the hypotheses were developed as follows;

H1: There is a significant impact of differential pricing on room booking decision.

H1a: There is a significant impact of customer segment on room booking decision.

H1b: There is a significant impact of booking quantity on room booking decision.

H1c: There is a significant impact of booking channel on room booking decision.

H1d: There is a significant impact of reservation timing on room booking decision.

H2: There is a significant impact of room booking decision on guest satisfaction.

H2a: There is a significant impact of hotel brand on guest satisfaction.

H2b: There is a significant impact of guest review on guest satisfaction.

H2c: There is a significant impact of willingness to pay on guest satisfaction.

H3: There is a positive relationship between differential pricing and perceived service quality.

H3a: There is a positive relationship between customer segment and perceived service quality.

H3b: There is a positive relationship between booking quantity and perceived service quality.

H3c: There is a positive relationship between booking channel and perceived service quality.

H3d: There is a positive relationship between reservation timing and perceived service quality.

H4: There is a positive relationship between perceived service quality and guest satisfaction.

H4a: There is a positive relationship between reliability and guest satisfaction.

H4b: There is a positive relationship between responsiveness and guest satisfaction.

H4c: There is a positive relationship between tangibility and guest satisfaction.

H4d: There is a positive relationship between assurance and guest satisfaction.

H4e: There is a positive relationship between empathy and guest satisfaction.

3.5 RESEARCH DESIGN AND METHODOLOGY

Research Design: In order to integrate relevance to the study purpose, settings for data collection and analysis are set up. In addition, research design is the conceptual framework that directs research and acts as a guide for measuring, collecting, and analyzing data. Thus, the design consists of a plan that details each step taken by the researcher for this study which include;

- Purpose of the study
- Research hypothesis
- Population and sample
- Method of data collection
- Data analysis techniques

Furthermore, the considerations made in terms of design pertain to;
- What topic is being studied?
- What is the purpose of the study?
- In what location will the study be conducted?

- What kind of information is necessary?

- Where can I locate the necessary data?

- What time spans will be covered by the study?

- How will the sample design be created?

- What methods of gathering data will be employed?

- How are the data going to be examined?

- How will the report be formatted?

Research Methodology: Research technique is a systematically way to approach the research problem. It investigates scientifically and logically through used methods of researcher in the study. In it, we look at the various methods that are commonly used by researchers to evaluate research challenges and the logic behind them. The researcher needs to be aware of both the strategy and the research methods/techniques.

The research process used in the study included the following steps;
- Literature Review
- Variable Operationalization
- Sampling Design
- Data Collection
- Investigation of Data
- Data Analysis

3.5.1 Literature Review

The literature review encompassed previous research that focused on hotel industry-related studies conducted in the past, particularly with differential pricing, room booking decision, perceived service quality and guest satisfaction. Nearly all of the earlier research on impact of differential pricing on room booking decision and guest satisfaction in hotels were studied. Furthermore, a selection of research and literature that specifically addressed perceived service quality was also studied.

3.5.2 Variable Operationalization

The aim of this step was to determine how the variables that were identified should be measured. The operationalization of variables was founded on a systematic literature review. The corresponding variable's face validity was assessed. In this study, impact of differential pricing was the independent variable, and room booking decision and guest satisfaction were the dependent variables.

3.5.3 Sampling Design

Sampling design is a useful tool and adaptable technique for gathering data for legal study. When studying the entire universe or the population for a certain objective proves to be challenging, it becomes more difficult to do research, with the researcher only able to choose a sample or a specific percentage of the population. This part of the process that is referred to as the sample is called the sampling method. Research in the social sciences and law both employ this methodology. The primary goal of sample drawing is to extrapolate conclusions about the wider population from the sample. In order to choose a sample from the entire population, a few fundamental characteristics must be met (Jawale, 2012).

Types of Sampling Technique: it is crucial to comprehend what sampling is and the reasoning behind the procedures used by researchers to choose their samples. It is the process of selecting a subset from a given sampling frame or population as a whole. Prior to selecting a particular kind of sampling approach, a wide sampling technique must be chosen (Alvi, 2016; Kothari, 2004). The several types of sampling technics are depicted in Figure 3.2.
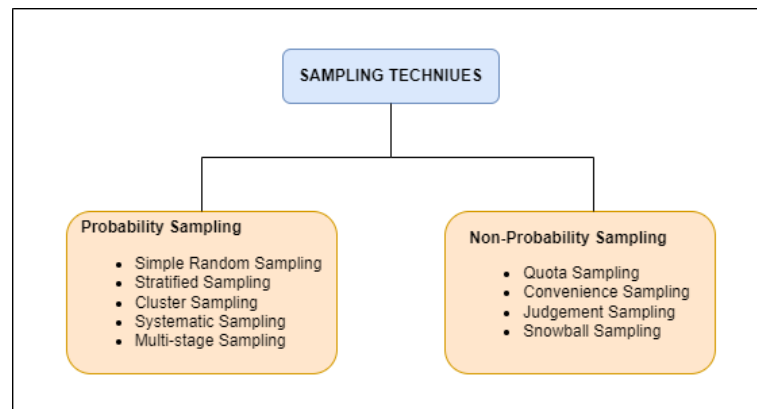
Figure 3.2: Sampling Techniques
Source: (Kothari, 2004)

Simple random sampling: There is an equal chance of inclusion for every unit in simple random sampling procedure. For a homogeneous population, this method yields a more impartial and superior estimate of the parameters. If the population is homogeneous, this method is impartial and superior estimate of the parameters. In scientific study, simple random sampling is a widely used sampling technique. When participating in research, participants in extremely homogeneous communities are chosen at random by the researchers. Every member of a population has an equal chance of being selected as a response when simple random sampling is used. In surveys and quantitative research designs, simple random sampling is frequently used (Golzar & Noor, 2022).

Convenience sampling: Convenience sampling technique was used in this study which involves selecting a sample from the population that is easily accessible, handy, or near at hand. It is also referred to as grab, incidental, or opportunity sampling. It is a non-probability sampling approach used by researchers to get data from a readily accessible and available sample of respondents. Convenient sampling is justified by the large sample size because it does not skew the results. The sampling method requires participants to be willing and able to participate; no additional requirements exist. Furthermore, since participation consent is required for this type of sampling technique, no basic random sample needs to be created (Obilor, 2023); (Singh & Masuku, 2014).

3.5.4 Data Collection

Primary data: It refers to newly collected, original data that is gathered for the first time. The researcher came up with it in order to solve the research problem. The researcher employed the survey approach, utilizing well-structured questionnaires to gather primary data.

Secondary data: This data is those that have already been gathered, processed through statistical analysis, and used by researchers in their investigations. Primary data were gathered in full after secondary data analysis.

The secondary data sources are;
- Hotel brochures and websites
- Periodicals and journals
- Books
- Newspapers and magazines
- Online articles
- HRACC and Hotel Association of India website

In the process of collecting data for testing of hypothesis, list of approved by ministry of tourism, govt. of India (National Database for Accommodation Units) in Table 3.1 was approached to collect the data from the guest of three and four star i.e. mid-scale hotel.

Table 3.1: List of Hotels

S. No.	Number of the Hotel	Location
1	Hotel The Manor	Delhi
2	Hotel Holiday Inn	Delhi
3	Hotel City Park	Delhi
4	Park Inn by Radisson	Delhi
5	Crowne Plaza Mayur Vihar	Delhi
6	Holiday Inn	Delhi
7	Crowne Plaza Rohini	Delhi
8	Crowne Plaza Okhla	Delhi

9	Pride Hotel Limited	Delhi
10	Hilton Garden Inn Saket	Delhi
11	Radisson Blu Marina Hotel	Delhi
12	Edenpark Hotels Pvt Ltd	Delhi
13	Crowne Plaza Rohini	Delhi
14	Svelte Hotel and Personal Suites	Delhi

Source: (Ministry of Tourism, 2023)

*Sample size***:** The total number of rooms in 14 hotels are 2038 hence the total number of rooms in year, 2038*30*12=733680. In recent years, the occupancy rate in Delhi is 75.1% (Statista, 2023), therefore the total population is 550994. According to Acharya et al. (2013), it is not possible to survey the entire population in a specific study, as this would need a lot of time and money. Additionally, a "sample" is sufficiently large and that is representative of whole population.

According to Kwong & Wong (2015), the best results in multivariate investigations involving structural equation modeling approaches require at least 200 samples. In the present study, approximate sample size 384 was considered for the survey. 95% confidence level, a standard deviation of 0.5, and a confidence interval (margin of error) of $\pm$ 5% (Raosoft, 2004).

3.5.5 Investigation of Data

Data were examined to look for errors after the survey. The data was then pretested to see if it was appropriate for the study's test once coding and editing were completed. The data was entered into the SPSS program to enable additional research analysis.

3.5.6 Data Analysis

It is process of systematically applying the statistical tools to analyze and interpreting the gathered data from the respondents. SPSS, SmartPLS, and Microsoft Excel were used for this study. The statistical methods highlighted in Table 3.2.

Table 3.2: Tools used for data analysis of study

S. No.	Objectives	Hypothesis	Statistical Analysis
1	To study the guest preferences for selecting mid-scale hotels in Delhi.	_	Descriptive Statistics (Frequency, Mean, Percentages)
2	To examine the impact of differential pricing on room booking decision in the study area.	There is a significant impact of differential pricing on room booking decision.	Inferential Statistics (Reliability test, Factor analysis, Regression analysis)
3	To analyze the impact of room booking decision on guest satisfaction.	There is a significant impact of room booking decision on guest satisfaction.	Inferential Statistics (Reliability test, Factor analysis, Regression analysis)
4	To assess the relationship between differential pricing and perceived service quality.	There is a positive relationship between differential pricing and perceived service quality.	Inferential Statistics (Reliability test, Factor analysis, Pearson's correlation)
5	To assess the relationship between perceived service quality and guest satisfaction.	There is a positive relationship between perceived service quality and guest satisfaction.	Inferential Statistics (Reliability test, Factor analysis, Pearson's correlation)

Source: (Author's own)

Descriptive statistics: Descriptive statistics use measures of dispersion, such as variance, standard deviation, and range, and measures of central tendency, such mean, median, and mode, to describe the salient characteristics of the data. Thus, data can be accurately summarized and depicted through the use of graphs, tables, and charts. As an illustration, we have the grades of a thousand students, and we would be curious about their general performance as well as the distribution and spread of their marks. We may define our data in the most relevant and comprehensible way possible with the

help of descriptive statistics. It is concise summaries of the sample and the observations that were made. These summaries are statistical, represented like easily understood graphs. In the context of a more comprehensive statistical analysis, these summaries could serve as the foundation for the initial description of the data, or they could be adequate on their own for a specific study. Information gathering, organization, analysis, and interpretation for descriptive and decision-making purposes are all part of the scientific method that is the focus of statistics.
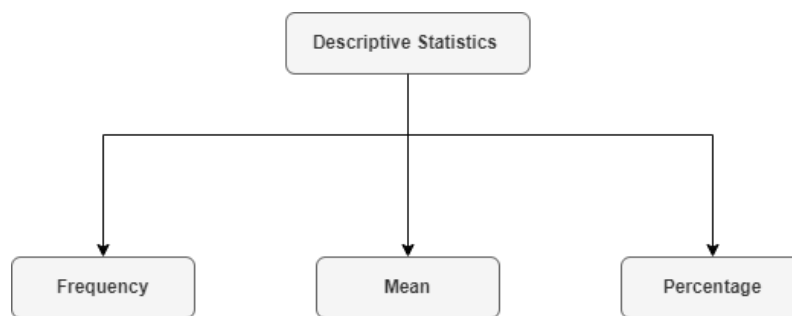
Figure 3.3: Descriptive Statistics
Source: (Kothari, 2004)

Inferential statistics: The practice of drawing conclusions about populations from sample data is known as inferential statistics. It allows us to infer information about the entire collection, including specific examples within it, using data from a subset of examples. These conclusions are grounded in the principles of evidence and rely on sample data as a basis for more general conclusions. The accuracy of the inferential statistics is significantly dependent on the correctness of the sample data and how well it represents the entire population.

Additionally, inferential statistics helps draw conclusions and make predictions based on a collection of data. It is carried out with a variety of approaches, procedures, and computation kinds. Inferential statistics tools include chi-square tests, regression analysis, analysis of variance (ANOVA), hypothesis testing, and confidence intervals.
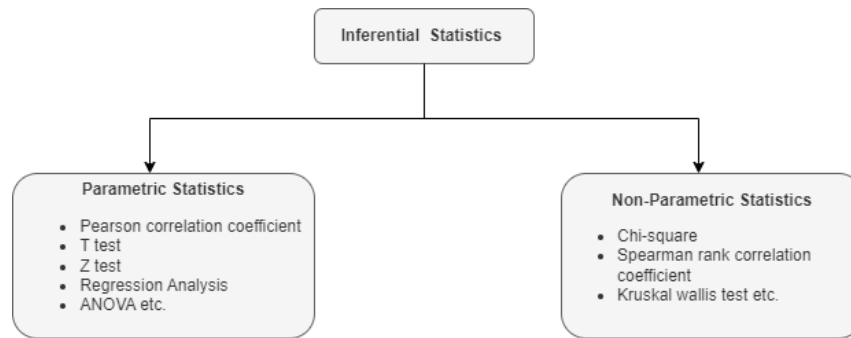
Figure 3.4: Inferential Statistics

Source: (Olaide Wasiu, 2018; Alacaci, 2004)

In this study, the following statistical tools are used to test the hypothesis:

Pearson correlation coefficient: "Correlation coefficients can be high or low (magnitude), and positive or negative (direction). Correlation coefficients vary from -1 to +1: whereas -1 and +1 indicate perfect negative and perfect positive correlation coefficients respectively, a correlation coefficient of 0 implies no correlation (zero relationship)" (Isaac Obilor et al., 2018). A rise in one variable is linked to a drop in another if the correlation coefficient is less than zero, which denotes a negative association.

Regression analysis: "Assesses the relationship between 1 dependent (observed) variable and 1 or more independent (explanatory) variables, with an implied causal relationship. Regression goes beyond correlation by inferring relationships between variables, allowing modeling of causal relationships, and predicting the value of the dependent variable from a given value of independent variables(s)" (Shi & Conrad, 2009). All types of regression rely on assumptions about the relationship between the variables. Therefore, it's essential to understand how to properly interpret the results as well as the assumptions underlying the regression type you use. Choosing your predictor variables correctly is also crucial because regression will always produce a link regardless of whether the variables are actually causally related. It cannot

determine that the explanatory variable affects the dependent variable if the P-value is large (> 0.05).

3.6 SURVEY APPROACH

The term "survey approach" refers to a collection of techniques that place an emphasis on quantitative analysis. Statistical techniques are used to analyze data that has been collected for a large number of organizations using mail questionnaires, telephone interviews, or published statistics. The survey approach looks for relationships that are common to all organizations by analyzing a representative sample of them, allowing for the provision of generalizable assertions regarding the subject of the study. The survey approach was chosen for this research study's hypothesis testing. An affordable, rapid, precise, and effective way to assess respondent data is through the use of survey research methods (Gable, 1994). Survey research is the process of gathering data through surveys that researchers send to survey participants. In order to derive significant study findings, the survey data is statistically examined. A common definition of survey research is a quantitative methodology that collects data from a sample of respondents by means of a set of survey questions. Participant recruitment, data collection, and analysis are all part of this type of research. It might be useful for researchers who wish to educate their subjects about new features or trends. Data collection on facts, behaviors, and attitudes makes up the majority of research projects. The same data can be obtained by survey approach that combines qualitative and quantitative methods (Kothari, 2004). There are various kinds of research techniques. In survey research, three primary types are utilized: exploratory, descriptive, and causal. According to Mathiyazhagan (2010), categorized the data collection techniques used in survey research into categories such as;

- Personal interview
- Mail questionnaire
- Panel
- Telephone
- Observation

According to the investigators, the most popular methods among them are mail questionnaires and in-person interviews. We frequently see students who become confused or who are unable to tell the difference between the questionnaire and the interview schedule. Survey research is regarded as a type of social science research that concentrates on individuals, their essential life information, and their attitudes, beliefs, and behaviors (Kerlinger, 1973).

3.7 RESEARCH QUESTIONNAIRE DESIGN

A questionnaire is defined as a written form of questions and other elements intended to analyse the data. Furthermore, the research process is similar when it comes to the use of a questionnaire or set of questions. In order to obtain responses pertaining to the selected variables for analysis, the research questions are firmly constructed (Roopa & Rani, 2012).

Questionnaire was developed in following six parts;
> Part 1 – Demographic Profile
> Part 2 – Guest Preferences
> Part 3 – Differential Pricing
> Part 4 – Room Booking Decision
> Part 5 – Perceived Service Quality
> Part 6 – Guest Satisfaction

3.7.1 Types of questionnaires

According to (Khalid, 2012), stated that an instrument to gather data from respondents is a questionnaire. While it's a productive method of gathering information, the researcher needs to be clear about what's needed and how to quantify the relevant variables. Conducting a literature search on validated questionnaires that have been used before and can be administered in similar settings to capture variables that are relevant to the study hypothesis is always advised as a first step.

Furthermore, questionnaires are broadly classified into two categories:

Structured: Pre-coded questions with clear skip patterns to ensure you answer the questions in the correct order are a feature of structured surveys. Surveys with predetermined questions are used in the majority of quantitative data collection projects. There are fewer inconsistencies, these structured questionnaires are simple to use, the responses are consistent, and data management is made simple. In contrast, respondents to closed-ended questions would be required to select from a list of possible answers. The answer may choose more than one option, or it may be mutually exclusive.

Unstructured: Open-ended and ambiguous opinion questions are a common feature of unstructured surveys. Questions may not always be phrased in an interrogative manner, in which case the moderator or the enumerator may need to clarify their meaning. Questionnaires of this kind are used in focus groups. Respondents are free to respond to open-ended questions in any manner they choose. This format works better for continuous variables, such as patient weight, where there are a lot of options and it is impractical to write down every response beforehand.

According to (Kothari, 2004), "a questionnaire is made up of several questions typed or printed on a form or series of forms in a predetermined order". The respondents receive the questionnaire via mail; they must read it over, understand the questions, and mark the appropriate spot on the form with their responses. The replies are required to provide their own answers to the questions.

3.8 CONTENT VALIDITY

The term "content validation" is a procedure used to guarantee that a scale, questionnaire, or checklist accurately assesses the content. Assessing each item's significance inside an instrument by a panel of experts is one of the methods of attaining content validity. Lawshe's method has been extensively utilized to construct and

measure content validity in a variety of sectors, such as market research, organizational development, health care, and personnel psychology (Wilson et al., 2012).

Content Validity Ratio (CVR), items are rated into one of three categories by a panel of "experts" on the subject matter: "essential," "useful, but not essential," or "not necessary." Items that are included in the final instrument after being judged "essential" by a sufficient number of panel experts; those that fall short of this threshold are eliminated (Lawshe, 1975).

Panel Size	$N_{critical}$ (Minimum Number of Experts Required to Agree an Item Essential for Inclusion)	Proportion Agreeing Essential	$CVR_{critical}$
5	5	1	1.00
6	6	1	1.00
7	7	1	1.00
8	7	.875	.750
9	8	.889	.778
10	9	.900	.800
11	9	.818	.636
12	10	.833	.667
13	10	.769	.538
14	11	.786	.571
15	12	.800	.600
16	12	.750	.500
17	13	.765	.529
18	13	.722	.444
19	14	.737	.474
20	15	.750	.500

Figure 3.5: CVR Value

Source: (Ayre & Scally, 2014)

Lawshe (1975) proposed the content validity ratio (CVR), which is a linear transformation of a proportional level of agreement on how many "experts" inside a panel assess an item as "essential." The formula for the CVR is as follows.

$$CVR = \frac{n_e - (N/2)}{N/2},$$

Where N is the total number of panel members, n e is the number of panel members who consider an item to be "essential," and CVR is the content validity ratio. Therefore, there were 64 total statements before to the CVR, and 57 statements were kept on the scale after 7 items were removed as per the expert panel's recommendation.

Table 3.3: Experts' Calculated CRV and Response

Items	Expert 1	Expert 2	Expert 3	Expert 4	Expert 5	Expert 6	CVR
Item 1	x	x	x	x	x	x	1
Item 2	x	x	x	x	x	x	1
Item 3	x	x	x	x	x	x	1
Item 4	x	x	x	x	x	x	1
Item 5	x	x	x	x	x	x	1
Item 6	x	x	x	x	x	x	1
Item 7	x	x	x	x	x	x	1
Item 8	x	x	x	x	x	x	1
Item 9	x	x	x	x	x	x	1
Item 10	x	x	x	x	x	x	1
Item 11	x	x	x	x	x	x	1
Item 12	x	x	x	x	x	x	1
Item 13	x	x	x	x	x	x	1
Item 14	x	x	x	x	x	x	1
Item 15	x	x	x	x	x	x	1
Item 16	x	x	x	x	x	x	1
Item 17	x	x	x	x	x	x	1
Item 18	x	x	x	x	x	x	1
Item 19	x	x	x	x	x	x	1
Item 20	x	x	x	x	x	x	1
Item 21	x	x	x	x	x	x	1
Item 22	x	x	x	x	x	x	1
Item 23	x	x	x	x	x	x	1
Item 24	x	x	x	x	x	x	1
Item 25	x	x	x	x	x	x	1
Item 26	x	x	x	x	x	x	1

Item 26	x	x	x	x	x	x	1
Item 27	x	x	x	x	x	x	1
Item 28	x	x	x	x	x	x	1
Item 29	x	x	x	x	x	x	1
Item 30	x	x	x	x	x	x	1
Item 31	x	x	x	x	x	x	1
Item 32	x	x	x	x	x	x	1
Item 33	x	x	x	x	x	x	1
Item 34	x	x	x	x	x	x	1
Item 35	x	x	x	x	x	x	1
Item 36	x	x	x	x	x	x	1
Item 37	x	x	x	x	x	x	1
Item 38	x	x	x	x	x	x	1
Item 39	x	x	x	x	x	x	1
Item 40	x	x	x	x	x	x	1
Item 41	x	x	x	x	x	x	1
Item 42	x	x	x	x	x	x	1
Item 43	x	x	x	x	x	x	1
Item 44	x	x	x	x	x	x	1
Item 45	x	x	x	x	x	x	1
Item 46	x	x	x	x	x	x	1
CVR (Critical) for a panel size (N) of 6 is 1.						1

Source: (Author's own)

3.9 FACE VALIDITY

Face validity is the degree to which the statements and questions on the questionnaire make sense in relation to the study. To identify the discrepancies in the questionnaire's assertions, a pilot analysis was also conducted. Only a few flaws were found and suggested. Based on the feedback received, the questionnaire underwent the necessary revisions.

Three academicians and three hotel professionals were approached to solicit feedback on the research questionnaire draft. Based on their suggestions by the panel of experts, all necessary adjustments were made to the questions before the research tool was administered (Daud et al., 2021). Furthermore, the majority of the experts stated that

the research questionnaire should be simple to understand and a few minor changes to be made in certain questions. As a result, a few adjustments were made.

3.10 PILOT STUDY

A questionnaire that took goals and hypotheses into consideration was used for the pilot study. The study offers the knowledge of smaller sample size research. The variables of the questionnaires for hotel guests were the focus of the pilot study. There was also a five-point Likert scale with the categories of strongest impact to lowest impact and strongly agree to strongly disagree (Robinson, 2010) . The pilot study was conducted in the month of April 2023 for the current study. An evaluation of the questionnaire's phrasing, familiarity with respondents, response rate, testing order of questions, and other aspects was done through the trial research. Reliability and content validity are also verified with its assistance.

A pilot study was originally planned with a sample size of 54 guests at several hotels in the Delhi. Pilot testing revealed that it took an average respondent between 10 and 15 minutes to complete the survey. The instrument's reliability was assessed using Cronbach's alpha, which guaranteed that the measurements were error-free and produced the desired findings. The reliability test results for the pilot testing are displayed in Table 7. According to Cronbach (1951), reliability test of results threshold points of 0.7 recommends. Nevertheless, in response to feedback from certain responders, a few items were eliminated throughout the pilot test.

Table 3.4: Reliability level of Cronbach's alpha

S. No.	Coefficient of Cronbach's Alpha	Reliability Strength
1	> 0.90	Excellent
2	0.80 - 0.89	Good
3	0.70 - 0.79	Acceptable
4	0.6 - 0.69	Questionable
5	0.5 - 0.59	Poor
6	< 0.59	Unacceptable

Table 3.5: Result of Cronbach's alpha

Constructs	Number of Item	Cronbach's alpha	Reliability Strength
Differential Pricing	15	0.782	Acceptable
Room Booking Decision	11	0.844	Good
Perceived Service Quality	17	0.905	Excellent
Guest Satisfaction	7	0.748	Acceptable

3.11 SUMMARY

The goal of the study was outlined in this chapter, along with the research hypotheses, methodology, survey strategy, sample framing, research questionnaire design, statistical approach, etc. The chapter provides a detailed account of the research procedures used to gather accurate and trustworthy data. To gather the replies, a self-created quantitative research questionnaire through a 5-point Likert scale was used. The meticulous preparation that went into creating the research questionnaire and doing pre-testing was intended to ensure accurate data gathering. After the data was categorized, SPSS 22 was used for analysis.

CHAPTER - 4
DATA ANALYSIS & INTERPRATATION

4.1 INTRODUCTION

In last chapter covered appropriate research methods and how to determine the best course of action for analysis and inference-finding. The details regarding the research design, population, sample size, sampling method, data collection technique, detail of pilot study, description of variables and various test used etc. were provided. This chapter examines the data analysis, interpretation and hypothesis to determine the conclusion for evaluating the study's objectives, a variety of approaches and statistical tools are used in accordance with the research methodology.

The sections of this chapter are as follows;

- **Introduction**
- **Main Survey Study**
  - **Demographic Profile of Respondents**
  - **Missing Data Treatment**
  - **Outlier Examination**
  - **Normality**
  - **Homoscedasticity**
  - **Multicollinearity**
- **Structure Equation Medeling**
  - **Measurement Model**
  - **Indicator Reliability**
  - **Internal Consistency Reliability**
  - **Convergent Validity**
  - **Discriminant Validity**
  - **Model Fit Testing**
  - **Structural Model**
- **Summary**

Pilot studies of the data were used to do the initial screening. After that, the data was then subjected to additional screening using the following methods;

- Outlier inspection
- Missing data treatment
- Normality
- Multicollinearity and
- Homoscedasticity tests

Furthermore, a graphical depiction was used to discuss the respondents' demographic profile. After that, the validity and reliability tools were examined by inferential analysis utilizing the PLS (Partial least squares) program. Variance-based structural equation modeling, or PLS, has gained popularity recently, particularly in the social sciences and management domains (Hair et al., 2021); (Ullman, 2006) Indicator reliability analysis was done to ensure accuracy, consistency, and elimination of any potential bias. A measuring model was created in order to assess the instrument's convergent and discriminant validity. An illustration of structural equation modeling (SEM) was created to demonstrate the connections between various variables. The correlations are further outlined in the results of the structural equation modeling. An analysis was conducted on the potential correlation between the constructs.

4.2 MAIN SURVEY STUDY

4.2.1 Demographic profile of respondents

Response bias can be produced by a single key informant through self-reported reviewing. In order to prevent this kind of response bias, the researchers also recommended integrating several respondents from the same organization (Phillips, 1981). This study has attempted to include multiple respondents from the selected hotels to minimize response bias. The respondents' demographic information was gathered through the survey from the questionnaire. It was suggested that some care be taken in selecting the key respondent that may reduce the response biasness as

mentioned below. The guest's personal information was displayed using the following graphs:

Table 4.1: Gender profile of the respondents

		Frequency	Percent
Valid	Male	273	69.8
	Female	118	30.2
	Total	391	100

Source: Primary Data from Questionnaire
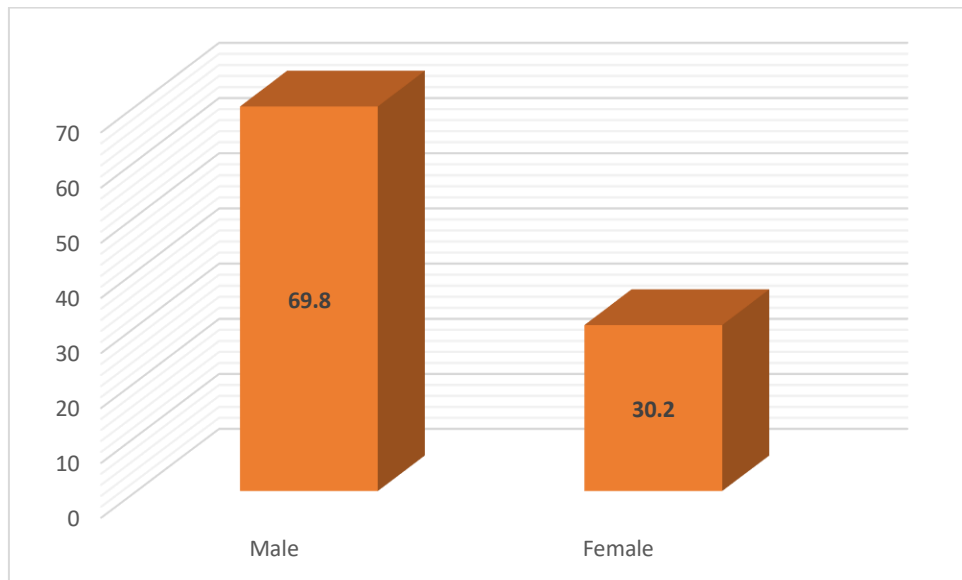
Figure 4.1: Gender profile of the respondents

Figure 4.1 shows the gender of the respondents from whom the survey had been collected. Out of the total 391 responses, around 69.82% of respondents were male whereas 30.18% were female respondents. The more male respondents due to travelling one place to another place for different reasons may be the business purpose i.e. corporate clients, youngsters or any. The female respondents could be visiting during vacation or the family get to gather or any other reason.

Table 4.2: Age profile of the respondents

		Frequency	Percent
Valid	20 – 30 years	31	7.9
	30 – 40 years	171	43.7
	40 – 50 years	137	35
	50 – 60 years	45	11.5
	60 years or above	7	1.8
	Total	391	100

Source: Primary Data from Questionnaire
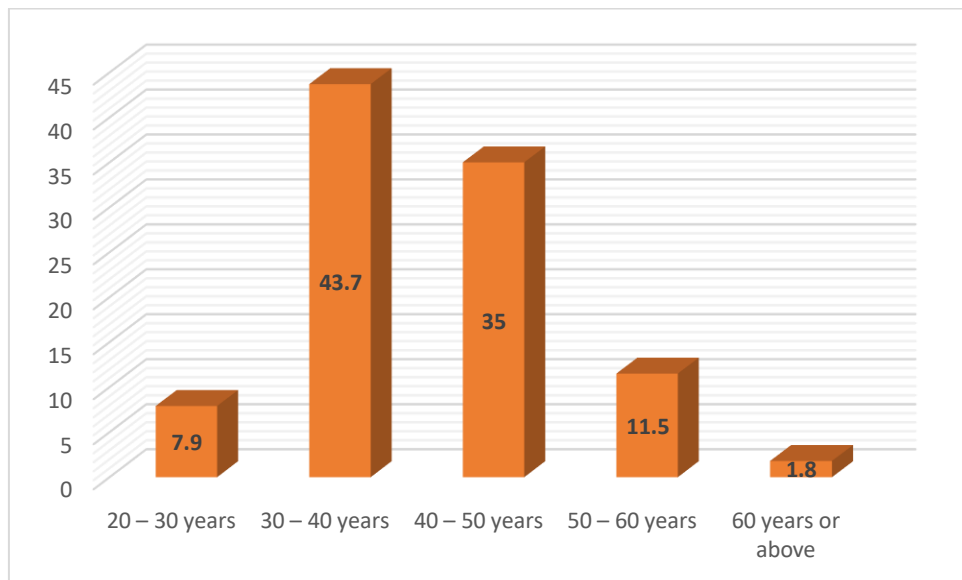
Figure 4.2: Age profile of the respondents

Figure 4.2 shows the age of the respondents. Out of the total 391 responses, it was found that around 43.73% which is highest percentage of response between age of 30-40 years. Whereas 35.04% between 40-50 years, 11.51% between 50-60 years, 7.93% between 20-30 years and lowest response falls which is 1.79% between 60 years or above. The greater number of respondents belonged to middle age group between 30-40 years and 40-50 years.

Table 4.3: Marital Status of the respondents

		Frequency	Percent
Valid	Single	88	22.5
	Married	296	75.7
	Widow	2	0.5
	Separated	5	1.3
	Total	391	100

Source: Primary Data from Questionnaire
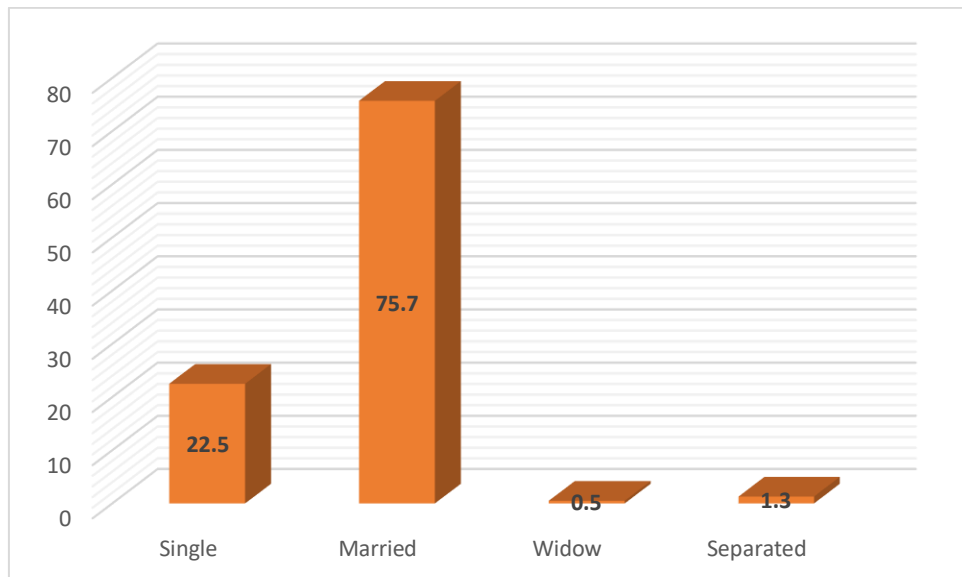
Figure 4.3: Marital Status of the respondents

In above stated figure 4.3 related to marital status of the respondents shows out of the total 391 responses, it was found that around 75.7% which is highest percentage of response from married. Whereas 0.5% and 1.3% lowest responses are found from the widow and separated. The moderate respondents which are 22.5% from single. This clearly shows that majority of the respondents are married.

Table 4.4: Education of the respondents

		Frequency	Percent
	Upto 10+2	59	15.1
	Graduate	166	42.5
Valid	Post-graduate	139	35.5
	Doctorate	19	4.9
	Others	8	2
	Total	391	100

Source: Primary Data from Questionnaire
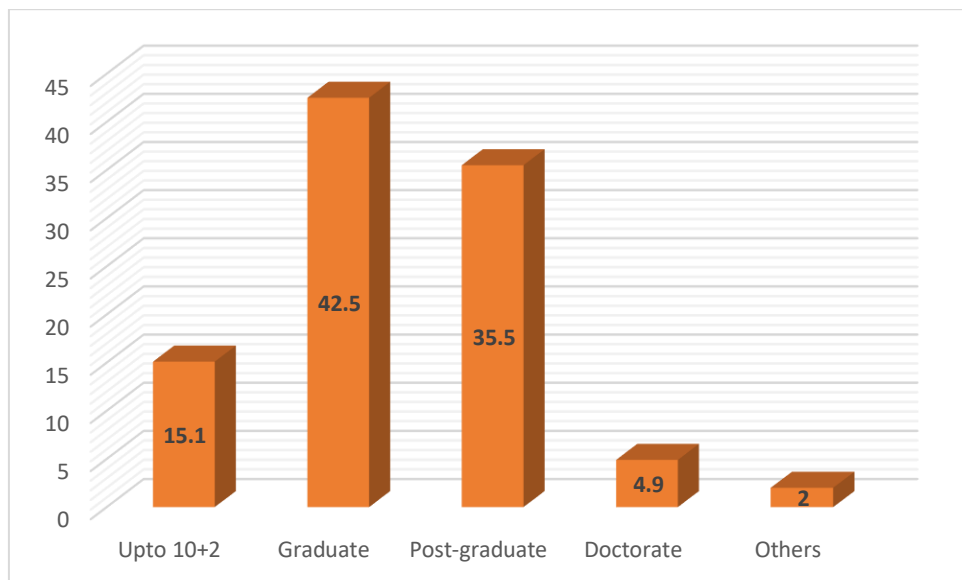
Figure 4.4: Education of the respondents

Figure 4.4 shows related to respondent's qualification, the 42.5% respondents out of 391 responses are from graduate followed by 35.5% is post-graduate. It was observed that the lowest respondents, 4.9% and 2% are from doctorate and others. Around 15.1% respondents are from upto 1+2. The majority of the responses are from graduate and post-graduate respondents. The very few responses are others and doctorate respondents.

Table 4.5: Occupation of the respondents

		Frequency	Percent
Valid	Private Service	171	43.7
	Self-employed	44	11.3
	Professional	92	23.5
	Government Service	31	7.9
	Others	53	13.6
	Total	391	100

Source: Primary Data from Questionnaire
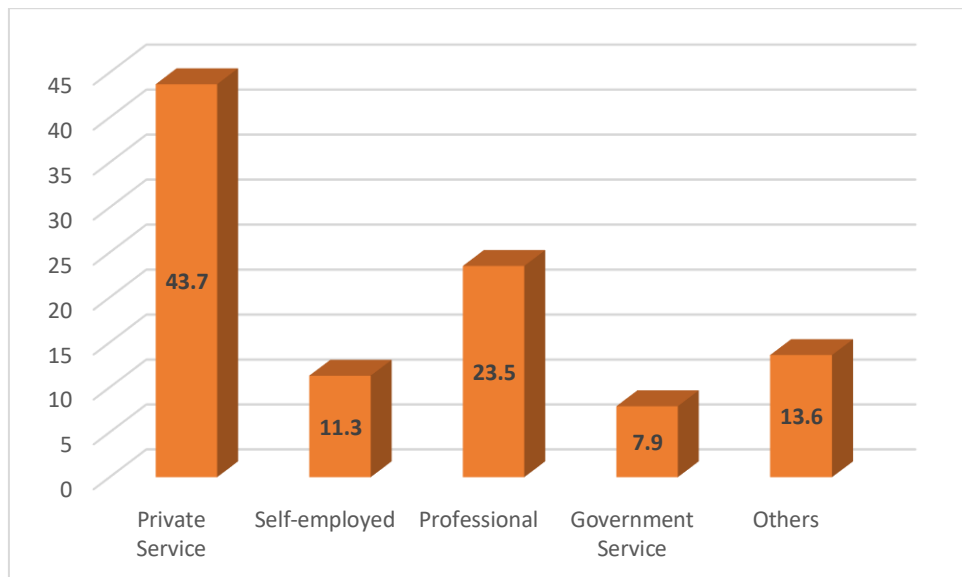
Figure 4.5: Occupation of the respondents

Figure 4.5 shows the occupation of the respondents, most of the respondents belonged to private service which is 43.7% out of total 391. Around 23.4% was observed professional and the lowest responses were from government service (7.9%) followed by self-employed (11.3%) and others (13.3%). The majority of respondents belonged to private service and professional who participated in the survey of data collection based on self-administered questionnaire.

Table 4.6: Annual Income of the respondents

		Frequency	Percent
Valid	Upto 5 lakhs	22	5.6
	5 – 10 lakhs	109	27.9
	10 – 15 lakhs	137	35
	15 – 20 lakhs	71	18.2
	20 lakhs or more	52	13.3
	Total	391	100

Source: Primary Data from Questionnaire
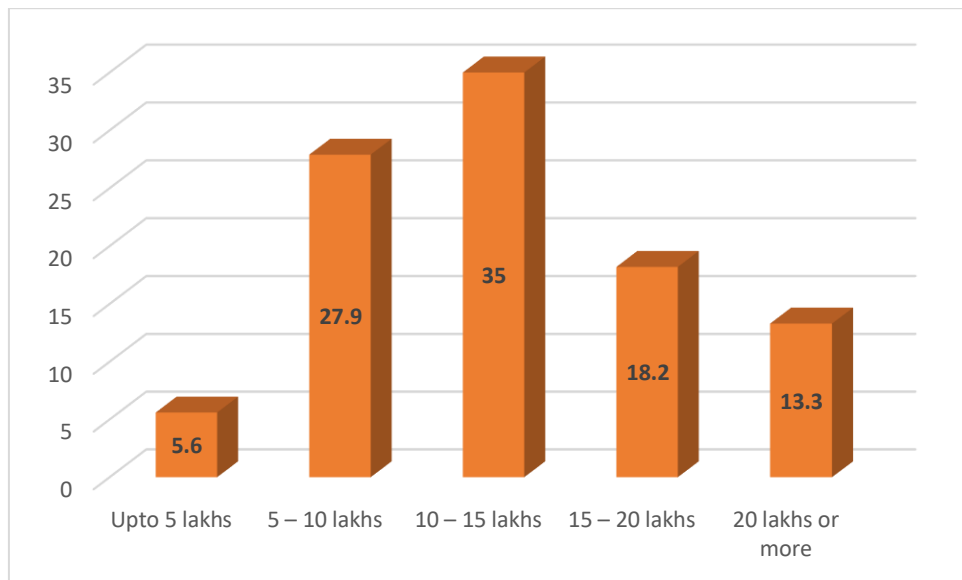
Figure 4.6: Annual Income of the respondents

In above stated figure 4.6 shows the annual income of respondents. As per result of the survey, it was observed that the majority of respondents belonged to annual range of income between 10-15 lakhs (35%) and 5-10 lakhs (27.9%). It has been seen that the lowest annual income respondents upto 5 lakhs are 5.6%. The moderate percentage of respondents belonged to who are having annual income range between 15-20 lakhs (18.2%) and 20 lakhs or above (13.3%). This clearly showed that respondent's range between 5-10 lakhs and 10-15 lakhs have generally visited to these hotels.

Objective 1 - To study the guest preferences for selecting mid-scale hotels in Delhi.

Table 4.7: Guest preferences

		Frequency	Percent
	Hotel location	111	28.4
	Brand image	67	17.1
	Room price	97	24.8
	Room facility	44	11.3
Valid	Safety and security	41	10.5
	Previous stay experience	19	4.9
	Recommendations from other	12	3.1
	Total	391	100

Source: Primary Data from Questionnaire
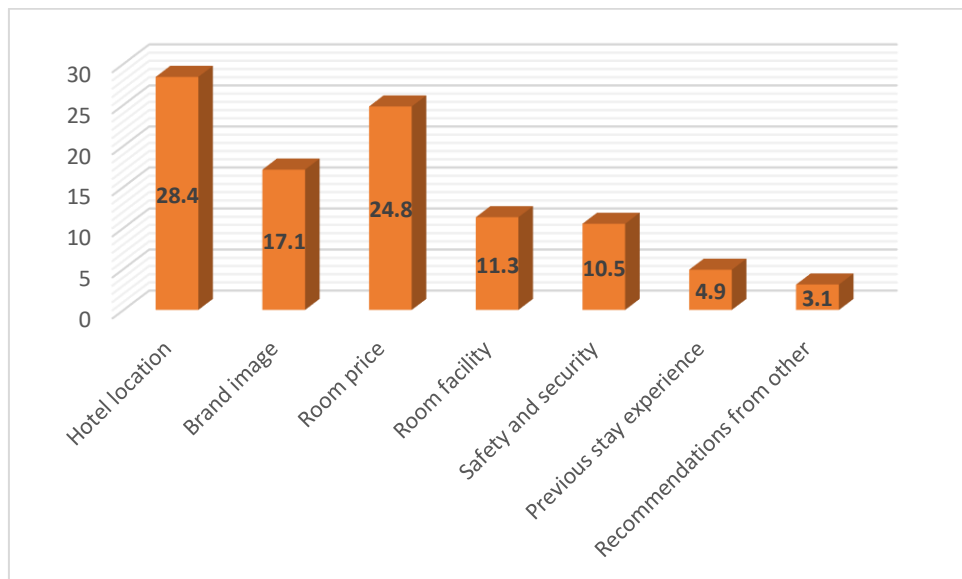
Figure 4.7: Guest preference

Figure 4.7 shows that there has been different preference for selecting mid-scale hotel by guests. It can be observed that highest level of preference is hotel location with 28.4%. Second most respondents around 24.8% have considered the room price followed by 17.1% (Brand image), 11.3% (Room facility) and 10.5% (Safety and security). The least with recommendations from other (3.1%) and previous stay experience (4.9%).

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Table 4.8: Independent sample test

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Guest Preferences	Male	273	2.846	1.6842	.1019
	Female	118	2.864	1.6062	.1479

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Guest Preferences	Equal variances assumed	.179	.673	-.100	389	.921	-.0183	.1830	-.3781	.3416
	Equal variances not assumed			-.102	232.088	.919	-.0183	.1796	-.3721	.3356

Based on result shown in table 4.8, Sig (2-tailed) .921 greater that 0.05 (p value). Hence there is no statistically significant difference between male and female guests' preference while selecting mid-scale hotel. The mean of male respondents is 2.846 and mean of female respondents are 2.864.

4.2.2 Missing Data Treatment

Ensuring the accuracy of respondents' feedback becomes crucial, especially following the presentation of their demographic profiles. A significant challenge in surveys is missing data, often arising when respondents leave certain questionnaire sections unanswered. Fidell (2003) emphasized the impact of missing data, highlighting its challenges in the data analysis process. Bajpai (2011) also underscored the difficulty in

obtaining complete data during survey collection, indicating the prevalence of this issue.

The presence of missing data poses considerable statistical challenges during data analysis. (Cordeiro, 2009) noted that missing data significantly diminishes statistical power, impacting the robustness of analyses and potentially skewing results.
The reduction in sample size due to missing data underscores the importance of appropriately addressing this issue. Inadequate adjustment for missing data explanations can significantly diminish the sample, leading to insufficient data for comprehensive analysis and potentially flawed interpretations of results.

To mitigate the challenges posed by missing data, (Howell, 2007) recommended a structured approach;

- Identifying the nature of missing data.
- Assessing the extent or level of missing data.
- Determining the randomness of the missing data.
- Implementing suitable treatments to address missing data.

Efron (1994) proposed utilizing bootstrap methods to handle missing data, aligning them with the theory of multiple imputation and emphasizing efficient execution of these techniques. Additionally, Khademi (2020) highlighted the significant challenges missing data present in real-life data analysis scenarios. Addressing missing data appropriately through systematic approaches and advanced methods is crucial to ensure the integrity and accuracy of analyses in research.

Throughout the survey process, the scholar observed that all items within the dataset were answered by the respondents. As a result, no missing data instances were identified, alleviating the need for any treatment or intervention regarding missing data. All responses were complete and accounted for, ensuring a comprehensive dataset for analysis without any missing information.

4.2.3 Outliers Examination

Aggarwal (2015) defines an outlier as an observation in a dataset that significantly deviates from other observations, potentially indicating a different generating mechanism. Similarly, Møller et al. (2005) describe outliers as observations that notably differ from the majority of other data points. Analysts widely concur that outliers can lead to non-normality in data distribution and potentially influence the precision of results (Tabachnick & Fidell, 2007). According to Tabachnick & Fidell (2007) outline four primary reasons behind the occurrence of outliers within datasets. Outliers can arise from various sources as highlighted by (Tabachnick & Fidell, 2007);

- Incorrect data entry: Mistakes during data input could lead to outliers.
- Inappropriate specification of missing value codes: Using incorrect codes for missing values might result in outliers.
- Inclusion of observations not part of the population: Adding entries that don't belong to the intended population can introduce outliers.
- Extreme values skewing normal distribution: Variables in the population may contain extreme values, disrupting the normal distribution.

Worsley et al. (2004) categorized outliers into two types;

- **Univariate outliers**: "Extreme values on a single variable".
- **Multivariate outliers**: "Combinations of extreme values across two or more variables".

Additionally, Møller et al. (2005) defined outliers based on sample size. In smaller samples (e.g., 80 or fewer), a score of 2.5 standard deviations or more from the mean is considered an outlier, while for larger samples, a value exceeding 3.0 standard deviations from the mean can be regarded as such. In the current study, the combination of items represented single variables to detect univariate outliers. SPSS software was utilized to convert the data values for each observation into standardized scores (z-scores) as described by Tabachnick & Fidell (2007). Table 4.9 illustrates the identification of univariate outliers within the dataset. None of the Z score scores exceeds the standardized value of 3.29 which suggests no univariate outliers in the data.

Table 4.9: Minimum and Maximum Z scores of variables

	Minimum	Maximum
Zscore: Customer Segment	-1.08504	2.10700
Zscore: Booking Quantity	-1.81675	1.86382
Zscore: Booking Channel	-2.90763	1.92374
Zscore: Reservation Timing	-2.91064	1.37046
Zscore: Hotel Brand	-2.53506	1.65230
Zscore: Guest Review	-2.94968	1.56431
Zscore: Willingness to Pay	-2.89710	1.79668
Zscore: Reliability	-1.85534	2.77942
Zscore: Responsiveness	-2.94615	1.60999
Zscore: Tangibility	-2.92126	1.57092
Zscore: Assurance	-2.66743	1.53038
Zscore: Empathy	-1.86869	1.63100
Zscore: Guest Satisfaction	-2.77393	1.98395

A box plot is used as a graphical tool for multivariate outlier detection. 5 cases were identified as mild outliers with an interquartile range of more than 1.5, according to the graph in Figure 4.8 in the data, no extreme outliers are found.
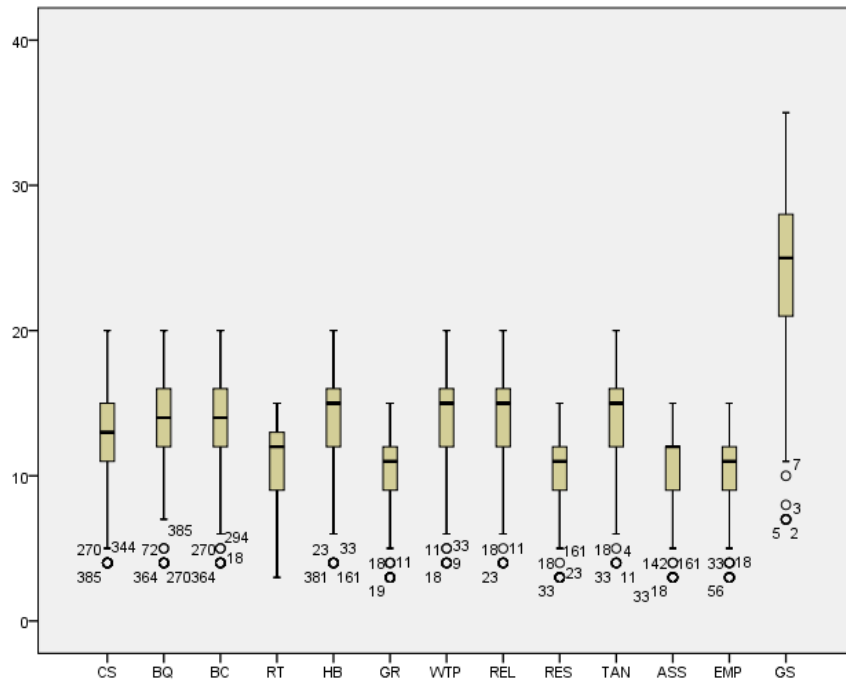
Figure 4.8: Box-Plot for Outlier Examination

Table 4.10: Multivariate Outlier Detection

Case Number	Mahalanobis D2	D2/df
54	25.95895	5.51
71	16.17823	3.12
75	21.45272	3.45
81	15.34126	3.21
145	13.21204	3.17
164	17.42145	3.15
181	18.23205	3.02

Table 4.10 displays Multivariate Outlier Detection. The Mahalanobis D2 value was determined through the application of linear regression. Since the value of D2/df in cases no. 54, 71, 75, 81, 145, 164 and 181 was greater than 3, they were all deemed multivariate outliers. According to Møller et al. (2005), an outlier can be retained in the analysis unless it deviates from the conclusions. Despite the fact that Tabachnick & Fidell (2007) stated that an outlier may be kept if it is determined to be harmful until it no longer affects the results.

4.2.4 Normality

In multivariate analysis, an underlying assumption is the normality of data distribution, as highlighted by Fidell & Tabachnick (2003). Normality signifies that data is distributed symmetrically around the mean, forming a bell-shaped curve in graphical representations, with occurrences decreasing as data moves away from the mean. Each item's data distribution is assumed to adhere to this normal distribution.

Møller et al. (2005) emphasized that significant deviations from normality render statistical tests invalid, particularly affecting the reliability of F and t statistics commonly used in analyses.

Tabachnick & Fidell (2007) suggested both method graphical and statistical to assess the normality of data distribution. The bell-shaped curve in a graph is indicative of normality in a variable's distribution. the other tests mentioned for testing the normal distribution of data (Miot, 2017). According to Dixon & Massey Jr (1951), described

the Kolmogorov-Smirnov test as a method based on the maximum difference between a hypothetical and empirical cumulative distribution. However, Ghasemi & Zahediasl (2012) recommended the Shapiro-Wilk test as a more appropriate tool for testing the normality of data.

In the study, both Kolmogorov-Smirnov and Shapiro-Wilk tests were utilized to assess normality for each variable, with the results displayed in Table 4.11. The outcomes led to the rejection of the null hypothesis that the data followed a normal distribution. Consequently, the PLS Structural Equation Modeling method was employed, as it doesn't require the assumption of normality in the data. The Kolmogorov-Smirnov test is favored for evaluating how well a sample's distribution aligns with theoretical distributions due to its efficacy in this assessment.

Table 4.11: Tests of Normality

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
CS1	.213	391	.000	.887	391	.000
CS2	.219	391	.000	.883	391	.000
CS3	.207	391	.000	.907	391	.000
CS4	.163	391	.000	.914	391	.000
BQ1	.261	391	.000	.864	391	.000
BQ2	.220	391	.000	.885	391	.000
BQ3	.271	391	.000	.866	391	.000
BQ4	.199	391	.000	.907	391	.000
BC1	.205	391	.000	.899	391	.000
BC2	.193	391	.000	.906	391	.000
BC3	.229	391	.000	.892	391	.000
BC4	.275	391	.000	.852	391	.000
RT1	.246	391	.000	.840	391	.000
RT2	.262	391	.000	.859	391	.000
RT3	.245	391	.000	.862	391	.000
HB1	.264	391	.000	.864	391	.000
HB2	.280	391	.000	.858	391	.000
HB3	.252	391	.000	.869	391	.000
HB4	.245	391	.000	.865	391	.000

GR1	.248	391	.000	.872	391	.000
GR2	.243	391	.000	.872	391	.000
GR3	.251	391	.000	.864	391	.000
WTP1	.210	391	.000	.889	391	.000
WTP2	.235	391	.000	.881	391	.000
WTP3	.249	391	.000	.866	391	.000
WTP4	.238	391	.000	.873	391	.000
REL1	.237	391	.000	.863	391	.000
REL2	.231	391	.000	.882	391	.000
REL3	.244	391	.000	.874	391	.000
REL4	.245	391	.000	.880	391	.000
RES1	.245	391	.000	.849	391	.000
RES2	.240	391	.000	.868	391	.000
RES3	.219	391	.000	.881	391	.000
TAN1	.239	391	.000	.870	391	.000
TAN2	.224	391	.000	.871	391	.000
TAN3	.242	391	.000	.856	391	.000
TAN4	.245	391	.000	.847	391	.000
ASS1	.249	391	.000	.870	391	.000
ASS2	.252	391	.000	.853	391	.000
ASS3	.237	391	.000	.858	391	.000
EMP1	.233	391	.000	.879	391	.000
EMP2	.226	391	.000	.872	391	.000
EMP3	.242	391	.000	.868	391	.000
GS1	.243	391	.000	.873	391	.000
GS2	.241	391	.000	.871	391	.000
GS3	.216	391	.000	.887	391	.000
GS4	.196	391	.000	.901	391	.000
GS5	.259	391	.000	.853	391	.000
GS6	.255	391	.000	.869	391	.000
GS7	.243	391	.000	.874	391	.000

a. Lilliefors Significance Correction

4.2.5 Homoscedasticity

Homoscedasticity refers to a scenario in which a sequence of random variables maintains a consistent, unchanging, and finite variance. In simpler terms, it implies that the relationship between dependent and independent variables remains constant across

all values (Tabachnick & Fidell, 2007). Fidell & Tabachnick (2003) note that in multiple regression, having data conforming to the assumption of equal variance is essential. When data lacks homoscedasticity, it's termed heteroscedastic. In multivariate analysis, heteroscedastic data can lead to complex issues (Møller et al., 2005). The presence of varying errors across different levels of independent variables contributes to heteroscedasticity (Fidell & Tabachnick, 2003).

Levene's Test of equal variance, according to (Møller et al., 2005), is the most suitable method to detect homoscedasticity. Similarly, (Fidell & Tabachnick (2003) recommend the use of the Levene test for assessing variance homogeneity. In this study, the Levene test was performed using SPSS software as depicted in Table 4.12, revealing that most computed values surpassed the threshold significance value of 0.05.

Table 4.12: Homoscedasticity

	Levene Statistic	df1	df2	Sig.
Customer Segment	0.577	1	389	0.448
Booking Quantity	0.085	1	389	0.771
Booking Channel	1.013	1	389	0.315
Reservation Timing	0.023	1	389	0.881
Hotel Brand	1.193	1	389	0.275
Guest Review	3.953	1	389	0.047
Willingness to pay	1.036	1	389	0.309
Reliability	0.04	1	389	0.842
Responsiveness	0.289	1	389	0.591
Tangibility	0.318	1	389	0.573
Assurance	0.367	1	389	0.545
Empathy	0.314	1	389	0.575
Guest Satisfaction	0.496	1	389	0.482

4.2.6 Multicollinearity

Multicollinearity arises when three or more independent variables exhibit correlation within the correlation matrix (Field & Miles, 2010). Fidell & Tabachnick (2003) highlight that this phenomenon complicates understanding the individual contribution

of each independent variable, reducing the unique variance explained by each variable (Møller et al., 2005).

Additionally, high multicollinearity can limit the size and accuracy of regression coefficients and subsequent results. Identifying highly correlated variables becomes crucial to mitigate these issues propose using the Tolerance or Variance Inflation Factor (VIF) to detect multicollinearity. VIF is inversely related to tolerance; low tolerance and high VIF values signal the presence of multicollinearity (Abubakar et al., 2017). According to Hair Jr et al. (2021) , an acceptable VIF should ideally be less than 5 to indicate acceptable levels of collinearity among indicators. The results showed in Table 4.13 that all of the VIF values were less than 5 therefore, multicollinearity was not an issue in the analysis.

In this research, VIF was calculated through regression analysis, considering all variables as independent variables, aiming to identify highly correlated variables that might contribute to multicollinearity issues. This step helps in selecting variables to retain or eliminate for more reliable and accurate results in the analysis.

Table 4.13: Multicollinearity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.538	.734		2.096	.037		
Booking Quantity	.472	.054	.447	8.782	.000	.545	1.833
Booking Channel	.238	.059	.229	4.013	.000	.434	2.306
Reservation Timing	-.178	.073	-.145	-2.433	.015	.399	2.509
Hotel Brand	-.135	.069	-.131	-1.968	.050	.317	3.159
Guest Review	.161	.085	.124	1.893	.059	.327	3.060
Willingness to pay	.081	.066	.075	1.221	.223	.374	2.673

Reliability	.004	.071	.004	.059	.953	.302	3.311
Responsiveness	.293	.094	.224	3.127	.002	.275	3.634
Tangibility	.045	.077	.043	.581	.561	.253	3.960
Assurance	-.176	.094	-.134	-1.873	.062	.275	3.640
Empathy	-.057	.096	-.042	-.591	.555	.277	3.613
Guest Satisfaction	.045	.044	.069	1.025	.306	.314	3.184

a. Dependent Variable: Customer Segment

4.3 STRUCTURAL EQUATION MODELING

Structural Equation Modeling (SEM) emerged as a pivotal technique employed for data analysis in this study. Recognized as a forward-looking statistical method, SEM facilitates the concurrent modeling of relationships among multiple dependent and independent constructs (Gefen et al., 2000). The study utilized SmartPLS 2.0, a Partial Least Squares (PLS) based software, to interpret the data and derive insights from the analysis. Within the framework of SEM, two fundamental models were utilized:

1. **Measurement Model**: This model evaluates the relationships between observed variables and their respective latent constructs, essentially assessing the measurement validity and reliability.

2. **Structural Model**: This model delves into the relationships among latent constructs, unveiling the complex web of connections between various constructs in the research framework.

By leveraging these models through SEM and employing SmartPLS 2.0, the study aimed to comprehensively understand and analyze the intricate relationships among multiple constructs, offering a deeper insight into the study's underlying dynamics.

4.3.1 Measurement Model

The measurement model serves to establish the relationship between latent constructs and their corresponding indicator variables, while the structural model elucidates the interconnections among these constructs (Chin & Newsted, 1999). While the structural

model focuses on estimating and defining relationships, the measurement model concentrates on evaluating internal consistency reliability, discriminant validity, and convergent validity metrics (Hair Jr et al., 2021).

4.3.1.1 Indicator Reliability

Within the realm of assessing indicator reliability, ensuring the validity and reliability of survey instruments is a critical aspect, often referred to as testing the psychometric properties (Møller et al., 2005). Scale reliability confirms the consistency, accuracy, and minimizes potential biases. Various methods, such as split-half, test-retest, and Cronbach's alpha coefficient, can evaluate measure reliability. In Table 4.14, indicator reliability is estimated via outer loadings, which establish the relationship between variables and their indicators in reflective measurement models.

According to Hair Jr et al. (2021), in reflective measurement models, outer loadings need to be estimated. An adequate indicator reliability value should typically exceed 0.7 (Hair Jr et al., 2021). Notably, most indicator variables in Table 4.14 surpass the required threshold value of 0.7, indicating satisfactory indicator reliability.

Table 4.14: Indicator Reliability

Constructs	Variables	Indicator Items	Outer Loadings
Differential Pricing	Customer Segment	CS1	0.690
		CS2	0.620
		CS3	0.714
	Booking Quantity	BQ1	0.619
		BQ2	0.715
		BQ3	0.709
	Booking Channel	BC1	0.701
		BC2	0.728
		BC3	0.803
		BC4	0.718
	Reservation Timing	RT1	0.713
		RT2	0.812
		RT3	0.742
	Hotel Brand	HB1	0.635

Room Booking Decision	Guest Review	HB2	0.713
		HB3	0.689
		HB4	0.730
		GR1	0.659
		GR2	0.734
		GR3	0.754
	Willingness to Pay	WTP1	0.695
		WTP2	0.720
		WTP3	0.769
		WTP4	0.685
Perceived Service Quality	Reliability	REL1	0.666
		REL2	0.700
		REL3	0.773
	Responsiveness	RES1	0.761
		RES2	0.795
		RES3	0.789
	Tangibility	TAN1	0.760
		TAN2	0.819
		TAN3	0.795
		TAN4	0.747
	Assurance	ASS1	0.773
		ASS2	0.836
		ASS3	0.836
	Empathy	EMP1	0.744
		EMP2	0.821
		EMP3	0.888
Guest Satisfaction	–	GS1	0.751
		GS2	0.847
		GS3	0.836
		GS4	0.737
		GS5	0.717
		GS6	0.745

4.3.1.2 Internal Consistency Reliability

Osman et al. (2012) stated that in order to proceed with the structural model analysis, it is important to examine the reliability and validity of the variables. The results of the analysis were used to evaluate the reliability of internal consistency. Internal consistency was evaluated in the present study utilizing Cronbach's alpha and

Composite Reliability (CR). Hair Jr et al. (2021) stated that Cronbach's alpha was the standard criteria used to evaluate internal consistency. An approximation of the internal reliability is shown. Fidell & Tabachnick (2003) stated that Cronbach's alpha is the most appropriate and widely used metric for assessing reliability in academic research.

According to Hair Jr et al. (2021), using composite is theoretically more appropriate for measuring internal consistency due to some of Cronbach's alpha's restrictions. Therefore, Internal consistency is also estimated using composite reliability. According to Bagozzi (1994) stated that recommendation, internal consistency can only be attained when the coefficient of determination (CR) is at least 0.7. To determine the internal consistency of the constructs, table 4.8 measures the composite reliability and Cronbach's alpha. All values of Cronbach's alpha are above 0.7 and composite reliability of the same construct are higher than 0.7, shown in table 4.15.

Table 4.15: Internal consistency reliability

Variables	Composite Reliability	Cronbach's alpha
Customer Segment	0.838	0.708
Booking Quantity	0.863	0.762
Booking Channel	0.826	0.885
Reservation Timing	0.919	0.867
Hotel Brand	0.853	0.771
Guest Review	0.863	0.762
Willingness to Pay	0.885	0.826
Reliability	0.882	0.799
Responsiveness	0.897	0.827
Tangibility	0.891	0.836
Assurance	0.924	0.876
Empathy	0.905	0.841
Guest Satisfaction	0.899	0.865

4.3.1.3 Convergent validity

The degree of correlation between two assessments of equivalent concepts is known as convergent validity (Abbasi, 2011). According to (Hair Jr et al., 2021), Convergent validity is defined as the degree to which one measure of a concept correlates with

another measure employing a different indicator. Validity and reliability of reflected measurement models need to be evaluated. Research by (Carlson & Herdman, 2012) showed that the most crucial stage in obtaining the right findings is testing the measurements. Average variance extracted (AVE) was used to estimate convergent validity. According to Mohamad et al. (2008), an AVE value of less than 0.5 is unacceptable since it is unable to explain more than half of the variance attributed to its items or variables. In order to obtain the AVE value of 0.5, certain items from the constructions were eliminated. The average extracted variance is provided in table 4.16. Every AVE value was found to be more than 0.5 therefore, convergent validity has been confirmed.

Table 4.16: Convergent validity

Variables	Average variance extracted
Customer Segment	0.634
Booking Quantity	0.677
Booking Channel	0.658
Reservation Timing	0.790
Hotel Brand	0.594
Guest Review	0.678
Willingness to Pay	0.659
Reliability	0.714
Responsiveness	0.745
Tangibility	0.672
Assurance	0.802
Empathy	0.760
Guest Satisfaction	0.599

4.3.1.4 Discriminant validity

The degree to which a construct differs from others is known as discriminant validity (Hair Jr et al., 2021). In order to determine discriminant validity, a construct must be distinct and limit phenomena that are not represented by other constructs (Tabachnick & Fidell, 2007). Therefore, discriminant validity analysis was done to see how distinct constructs differed from one another. According to Fornell & Larcker (1981),

discriminant validity is attained if inter-construct correlations are smaller than the square root of AVE shown in table 4.17.

Table 4.17: Discriminant Validity

	ASS	BC	BQ	CS	EMP	GR	GS	HB	REL	RES	RT	TAN	WTP
ASS	**0.896**												
BC	0.499	**0.811**											
BQ	0.341	0.616	**0.823**										
CS	0.396	0.661	0.678	**0.796**									
EMP	0.652	0.533	0.310	0.408	**0.872**								
GR	0.339	0.614	0.531	0.576	0.308	**0.823**							
GS	0.696	0.428	0.341	0.340	0.753	0.339	**0.774**						
HB	0.408	0.654	0.765	0.675	0.428	0.762	0.369	**0.771**					
REL	0.730	0.540	0.391	0.349	0.685	0.390	0.707	0.392	**0.845**				
RES	0.719	0.534	0.366	0.417	0.628	0.363	0.747	0.463	0.746	**0.863**			
RT	0.489	0.678	0.547	0.572	0.582	0.543	0.444	0.544	0.492	0.551	**0.889**		
TAN	0.545	0.477	0.327	0.372	0.413	0.325	0.739	0.400	0.728	0.537	0.540	**0.820**	
WTP	0.496	0.432	0.618	0.661	0.529	0.616	0.426	0.653	0.537	0.530	0.676	0.474	**0.812**

Fornell & Larcker (1981) said that the loadings of indicator variables on the assigned constructs have to be greater than the loadings of other constructs. Each indicator variable's loadings and cross loadings are displayed in table 4.18. The table demonstrates that when compared to loadings on other constructs, the loadings of the constructs were lower on their own measures. It has been demonstrated that discriminant validity exists.

Table 4.18: Cross loadings

	ASS	BC	BQ	CS	EMP	GR	GS	HB	REL	RES	RT	TAN	WTP
ASS1	**0.873**	0.444	0.312	0.369	0.424	0.312	0.616	0.365	0.603	0.632	0.388	0.488	0.440
ASS2	**0.927**	0.445	0.317	0.347	0.551	0.314	0.629	0.352	0.334	0.625	0.440	0.576	0.443
ASS3	**0.886**	0.452	0.288	0.349	0.481	0.285	0.625	0.378	0.624	0.674	0.482	0.304	0.449
BC1	0.252	**0.756**	0.590	0.484	0.245	0.588	0.234	0.450	0.337	0.282	0.529	0.265	0.564
BC2	0.400	**0.818**	0.456	0.546	0.434	0.455	0.335	0.571	0.391	0.399	0.618	0.339	0.420
BC3	0.491	**0.878**	0.489	0.626	0.542	0.485	0.414	0.604	0.507	0.522	0.507	0.473	0.475
BC4	0.444	**0.788**	0.488	0.479	0.471	0.486	0.385	0.482	0.496	0.498	0.654	0.443	0.382
BQ1	0.273	0.419	**0.834**	0.600	0.241	0.445	0.275	0.574	0.298	0.270	0.369	0.286	0.422
BQ2	0.347	0.507	**0.800**	0.665	0.324	0.387	0.340	0.684	0.312	0.388	0.558	0.343	0.508
BQ3	0.217	0.590	**0.834**	0.650	0.195	0.536	0.222	0.623	0.353	0.239	0.414	0.174	0.591
CS1	0.330	0.513	0.595	**0.859**	0.353	0.592	0.294	0.530	0.308	0.340	0.486	0.297	0.511
CS2	0.216	0.499	0.565	**0.804**	0.263	0.565	0.273	0.409	0.240	0.306	0.331	0.275	0.500
CS3	0.391	0.562	0.490	**0.719**	0.352	0.488	0.243	0.686	0.280	0.345	0.536	0.314	0.562

EMP1	0.321	0.476	0.344	0.357	**0.809**	0.342	0.561	0.378	0.478	0.638	0.529	0.624	0.476
EMP2	0.433	0.431	0.213	0.362	**0.890**	0.212	0.591	0.366	0.612	0.620	0.473	0.576	0.425
EMP3	0.374	0.491	0.264	0.351	**0.914**	0.261	0.409	0.377	0.589	0.501	0.526	0.558	0.486
GR1	0.273	0.419	0.434	0.600	0.241	**0.845**	0.275	0.574	0.298	0.270	0.369	0.286	0.422
GR2	0.347	0.507	0.500	0.665	0.324	**0.787**	0.34	0.684	0.312	0.388	0.558	0.343	0.508
GR3	0.217	0.590	0.434	0.650	0.195	**0.836**	0.222	0.623	0.353	0.239	0.414	0.174	0.591
GS1	0.639	0.358	0.257	0.271	0.656	0.256	**0.749**	0.291	0.662	0.661	0.335	0.412	0.356
GS2	0.577	0.320	0.259	0.241	0.608	0.256	**0.848**	0.274	0.523	0.624	0.404	0.581	0.319
GS3	0.531	0.394	0.415	0.333	0.543	0.417	**0.838**	0.359	0.605	0.558	0.421	0.542	0.393
GS4	0.440	0.242	0.244	0.203	0.484	0.240	**0.741**	0.227	0.449	0.503	0.224	0.446	0.240
GS5	0.525	0.321	0.166	0.282	0.634	0.164	**0.713**	0.286	0.479	0.557	0.360	0.593	0.319
GS6	0.483	0.335	0.232	0.236	0.539	0.231	**0.746**	0.266	0.525	0.535	0.296	0.510	0.333
HB1	0.337	0.440	0.509	0.588	0.362	0.504	0.338	**0.749**	0.402	0.461	0.315	0.366	0.439
HB2	0.330	0.513	0.595	0.559	0.353	0.592	0.294	**0.830**	0.308	0.340	0.486	0.297	0.511
HB3	0.216	0.499	0.565	0.404	0.263	0.565	0.273	**0.809**	0.240	0.306	0.331	0.275	0.500
HB4	0.391	0.562	0.590	0.419	0.352	0.488	0.243	**0.716**	0.280	0.345	0.536	0.314	0.562
REL1	0.568	0.467	0.349	0.304	0.529	0.346	0.559	0.342	**0.832**	0.621	0.441	0.529	0.464
REL2	0.645	0.485	0.299	0.327	0.582	0.298	0.579	0.368	**0.816**	0.553	0.390	0.617	0.484
REL3	0.637	0.419	0.343	0.255	0.623	0.344	0.651	0.286	**0.884**	0.411	0.418	0.495	0.416
RES1	0.623	0.437	0.330	0.353	0.580	0.329	0.631	0.414	0.596	**0.803**	0.413	0.677	0.434
RES2	0.618	0.456	0.307	0.402	0.530	0.301	0.672	0.436	0.630	**0.912**	0.512	0.534	0.451
RES3	0.622	0.490	0.312	0.323	0.433	0.311	0.630	0.347	0.609	**0.871**	0.497	0.654	0.488
RT1	0.350	0.649	0.411	0.486	0.479	0.407	0.305	0.467	0.373	0.469	**0.870**	0.443	0.647
RT2	0.479	0.551	0.540	0.568	0.560	0.535	0.447	0.545	0.508	0.527	**0.903**	0.527	0.449
RT3	0.465	0.666	0.498	0.463	0.507	0.494	0.420	0.431	0.421	0.469	**0.894**	0.463	0.666
TAN1	0.636	0.369	0.302	0.377	0.596	0.298	0.578	0.399	0.616	0.590	0.388	**0.801**	0.368
TAN2	0.588	0.382	0.306	0.286	0.577	0.306	0.676	0.315	0.659	0.608	0.471	**0.881**	0.378
TAN3	0.498	0.424	0.240	0.269	0.480	0.241	0.619	0.304	0.562	0.512	0.489	**0.845**	0.423
TAN4	0.358	0.389	0.222	0.298	0.505	0.220	0.541	0.302	0.549	0.633	0.416	**0.746**	0.385
WTP1	0.252	0.456	0.590	0.484	0.245	0.588	0.234	0.450	0.337	0.282	0.529	0.265	**0.764**
WTP2	0.400	0.318	0.456	0.546	0.434	0.455	0.335	0.571	0.391	0.399	0.618	0.339	**0.820**
WTP3	0.491	0.578	0.489	0.626	0.542	0.485	0.414	0.604	0.507	0.522	0.507	0.473	**0.875**
WTP4	0.444	0.488	0.488	0.479	0.471	0.486	0.385	0.482	0.496	0.498	0.654	0.443	**0.782**

4.3.1.5 Model Fit Testing

As it compares the actual correlation matrix based on the real observations and the one predicted using the model, the value of SRMR should not exceed 0.08, and the value of the NFI, which ranges from 0 to 1, indicates better fit. Although the goodness of fit index is typically not reported, some researchers advise taking into account SRMR and Normed Fit Index NFI as indicators to examine model fit (Hair et al., 2013). The measurement model's validity and reliability tests are carried out as a preliminary stage. Three model fitting parameters were used to test the model fit before moving on to the

actual testing: the "Standardized Root Mean Square Residual (SRMR), the Normed Fit Index (NFI), and the exact model fit (bootstrapped based statistical inference). The difference between the observed correlation and the model implied correlation matrix is known as the SRMR, and values less than 0.08 are considered to be significant and good fit" (Hu & Bentler, 1998). NFI is closer to 1 means better fit however value range is from 0 to 1. The SRMR value is 0.064 less than 0.08 which indicates a good fit for this study. Moreover, NFI value is 0.93 > 0.90 which represents acceptable fit for research model (Sleimi & Emeagwali, 2017).

4.3.2 Structural Model

The next crucial step after evaluating the measurement model is to determine whether the independent and dependent variables have a linear relationship. The theoretical model is represented by a set of equations that frame the path model, which is evaluated by the structural model (Chin, 1998). Figure 4.9 displays the structural model.
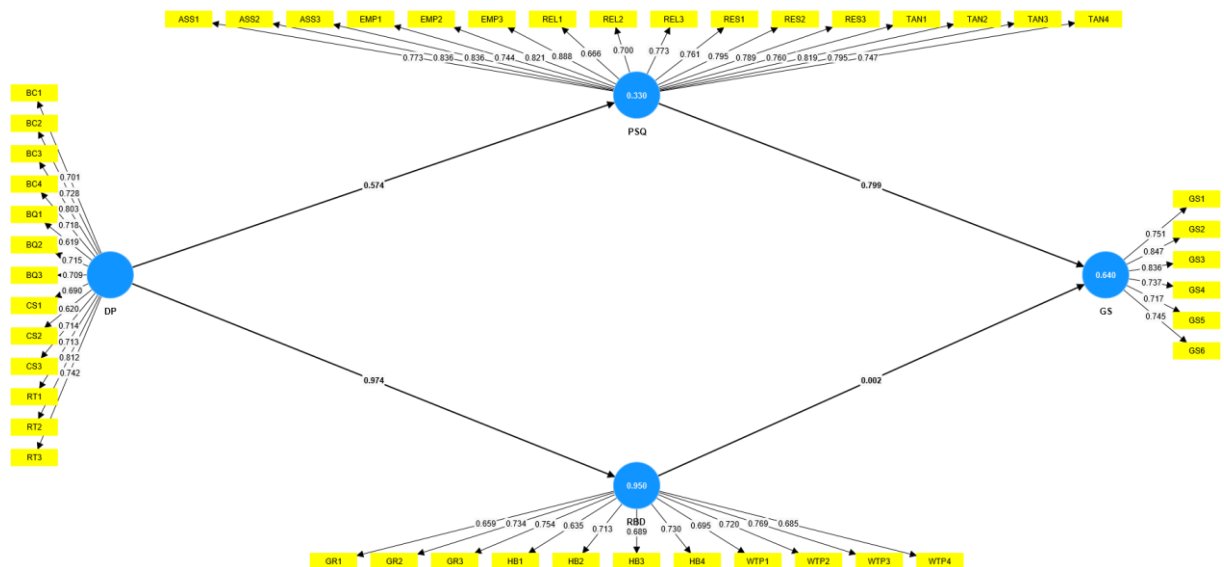

Figure 4.9: Structural Model

The path coefficients produced by SmartPLS were listed in table 4.19 along with their p-value. The bootstrapping process was used by the software to provide the p-values. The study's developed hypotheses were tested, and the outcomes are shown in table 4.19. Standardized route coefficients ought to be at least 0.2 and preferably more than 0.3 (Chin, 1998).

Table 4.19: Structural Model Results

Hypotheses	Path Relations	Path Coefficient (P)	Sample Mean (M)	Standard Deviation (STDEV)	T statistics (|O/STDEV|)	p-values	Supported/Not Supported
H1	DP -> RBD	0.974	0.975	0.006	174.452	0.000	Supported
H1a	CS -> RBD	0.360	0.359	0.028	13.006	0.000	Supported
H1b	BQ -> RBD	0.338	0.338	0.029	11.755	0.000	Supported
H1c	BC -> RBD	0.437	0.437	0.030	14.426	0.000	Supported
H1d	RT -> RBD	-0.016	-0.016	0.014	1.150	0.250	Not Supported
H2	RBD -> GS	0.002	0.006	0.103	0.019	0.985	Not Supported
H2a	HB -> GS	0.117	0.136	0.182	0.643	0.520	Not Supported
H2b	GR -> GS	0.078	0.101	0.192	0.404	0.686	Not Supported
H2c	WTP -> GS	0.314	0.307	0.155	2.028	0.043	Supported
H3	DP -> PSQ	0.574	0.578	0.080	7.170	0.000	Supported
H3a	CS -> PSQ	0.062	0.065	0.153	0.405	0.686	Not Supported
H3b	BQ -> PSQ	-0.020	-0.001	0.152	0.131	0.895	Not Supported
H3c	BC -> PSQ	0.280	0.278	0.201	1.391	0.164	Not Supported
H3d	RT -> PSQ	0.340	0.339	0.171	1.991	0.046	Supported
H4	PSQ -> GS	0.799	0.804	0.061	13.054	0.000	Supported
H4a	REL -> GS	0.262	0.273	0.125	2.099	0.036	Supported
H4b	RES -> GS	0.230	0.219	0.144	1.596	0.110	Not Supported

H4c	TAN -> GS	0.036	0.049	0.185	0.195	0.846	Not Supported
H4d	ASS -> GS	0.039	0.020	0.174	0.225	0.822	Not Supported
H4e	EMP -> GS	0.318	0.333	0.188	1.693	0.091	Not Supported

In this study, twenty hypotheses were developed and tested. According to Pangarso et al. (2020) that the p-value is less than 0.05 and the t-statistics value is higher than 1.96 (using a 5% confidence level). Nine hypotheses were found to be supported with p-value less than 0.05. The impact of differential pricing (H1), customer segment (H1a), booking quantity (H1b), booking channel (H1c) have found to be significant with room booking decision while reservation timing (H1d) has not found to be significant with room booking decision. The impact of room booking decision (H2), hotel brand (H2a), guest review (H2b) have not found to be significant with guest satisfaction while willingness to pay (H2c) has found to be significant with guest satisfaction. The differential pricing (H3) and reservation timing (H3d) have found to be significant with perceived service quality while customer segment (H3a), booking quantity (H3b), booking channel (H3c) have not found to be significant with perceived service quality. The perceived service quality (H4) and Reliability (H41) have found to be significant with guest satisfaction while responsiveness (H4b), tangibility (H4c), assurance (H4d) and empathy (H4e) have not found to be significant with guest satisfaction.

4.4 SUMMARY

Data analysis was a significant portion of this study. A self-administered questionnaire was used to gather data from the hotel's guests. The questionnaire's development was informed by research of the literature. The collected data was first screened in the first section of this chapter. In the following stage, a graphical representation of the respondent's demographic was shown. Additionally, the structural equation modeling (SEM) method was used. The model's reliability and validity were examined in the first step. Further, a structural model that illustrated potential relationships between the various variables included in the conceptual framework was shown and developed hypotheses were discussed.

CHAPTER - 5
DISCUSSIONS, CONCLUSIONS & SUGGESTIONS

5.1 INTRODUCTION

The aim of this chapter is to discuss the results and findings from the previous chapter. Several statistical analyses were performed to determine the outcomes in the previous chapter. Testing was also done on the variables of each construct of objectives. The constructs of differential pricing, room booking decision, perceived service quality in relation with guest satisfaction were defined through a review of the literature, and measures and validity tests were conducted to meet these goals. To obtain the results, structural equation modeling (SEM) was used for this study. This chapter discusses the appropriate and feasible justifications for the correlations between the variables.

This chapter is segregated into the following sections;
- ➢ **Discussion of Results**
- ➢ **Conclusion of the Study**
- ➢ **Managerial Implications**
- ➢ **Limitations & Future Scope of Study**
- ➢ **Assumptions**
- ➢ **Recommendations and Suggestions**
- ➢ **Summary**

5.2 DISCUSSION OF RESULTS

Results pertaining to hypothesis 1: To estimate impact of differential pricing on room booking decision. These hypotheses were developed H1, H1a, H1b, H1c, and H1d in relation with room booking decision.

5.2.1 Hypothesis H1

The findings reveal the significant impact of differential pricing on room booking decision (H1) in the present study. The estimation of the structural model produced the findings. The path coefficients generated by SmartPLS along with p-value ($p < 0.05$). The p-values were provided by software using the bootstrapping procedure. Hotel mangers use differential pricing techniques to affect the rates of rooms that are offered online, and these approaches are now an essential component of their yield management programs (El Haddad et al., 2015b). Kung et al. (2002), said that price fairness and brand loyalty could be negatively impacted by differential pricing strategies. Pizam & Holcomb (2010), stated the fact that demand for perishable, fixed-capacity inventory (like airline tickets or hotel rooms) is typically time-variable makes this revenue-managed strategy of changing prices conceivable. Guests are usually less price sensitive when they buy closer to the use date. According to Kimes & Wirtz (2003), many hotels are resistant to use differential pricing because they fear negative consumer reaction if they raise prices without providing an explanation based on rising costs or shifting market conditions.

5.2.2 Hypothesis H1a

The aim of this hypothesis was to assess the impact of customer segment on room booking decision. The hypothesis H1a was found to be supported with room booking decision. The results were obtained from the structural model estimation. The path coefficients generated with p-value by SmartPLS. The p-values ($p < 0.05$) were demonstrated by the software by using bootstrapping procedure. It has been found that customer segment had significant impact on room booking decision. Customer segments influence hotel differential pricing and hotel offer different prices for the same product to business clients, leisure clients, travel agencies, direct booking, central reservation system, global distribution system, etc. (Lii & Sy, 2009a). The findings support the result of this hypothesis (H1a) and customer behavior in context of hotel booking (Masiero et al., 2020). According to Gichuru & Limiri (2017), customer segmentation is the process of dividing guests or potential guests in a market into

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various segments. Common segmentation criteria include demographic, regional, cultural, social, psychological, usage, and benefits considerations.

5.2.3 Hypothesis H1b

This hypothesis was developed to examine the impact of booking quantity on room booking decision. This relationship was found to be significant. Fakhri Tomalieh (2014) stated that pricing varies depending on the customer's capacity to book room in the same category, such as single-night and bulk reservations. In addition, hotels provide incredibly appealing rates to long stay guest, groups, travel agencies, etc. in order to capture a significant portion of the market for the same category of hotel room (Tsao et al., 2015). According to Zhang et al. (2021), bulk booking influences the customer's purchase intention and wholesale travel agency offers attractive price. Fong et al. (2018), there is empirical evidence that the number of reservations influences consumer behavior. The findings unequivocally reveal the significant impact of booking quantity on room booking decision (H1b) in the present study. The path coefficients generated by SmartPLS along with p-value ($p < 0.05$). The p-values were provided by software using the bootstrapping procedure.

5.2.4 Hypothesis H1c

The prime aim of this hypothesis was to examine the impact of booking channel on room booking decision. The hypothesis is proved to be supported found significant on room booking decision in the present study. Differential pricing happens when a guest makes a reservation through different booking channels, including direct booking, OTAs, hotel websites, etc. (Biełuszko & Marciszewska, 2018). The two most popular platforms for making online hotel reservations are hotel websites and online travel companies. There are benefits and cons to both of these online hotel reservation options Liu & Zhang (2014). According to Bilgihan & Bujisic, (2015), a well-designed hotel website can provide online customers great impressions of the hotel before guests ever experience or stay at the property, according to a study that implies that hotel booking websites could produce positive purchasing experiences. Using the $p < 0.05$ standard

for statistical significance, the impact booking quantity on room booking decision are shown to be statistically significant.

5.2.5 Hypothesis H1d

The primary objective of this hypothesis was developed to examine the impact of reservation timing on room booking decision. The hypothesis was not found to be significant with room booking decision. The results were obtained by using structural model estimation. The path coefficients generated by SmartPLS along with p-values and found $p > 0.05$. According to Lii & Sy (2009); Kimes & Wirtz (2003), prices are adjusted in accordance with fluctuations in demand which is further based on seasons (Peak and off-season) and time of reservation for future use of products and services. According to Sánchez et al. (2020), findings indicated that, when making an online reservation, timing becomes critical in order to secure a favorable deal and eliminate uncertainty. Short-term time Specific pricing characteristics are tied to the advance booking window, which is limited in order to remove any seasonality influence (Schamel, 2012).

Results pertaining to hypothesis 2: To estimate impact of room booking decision on guest satisfaction. These hypotheses were developed H2, H2a, H2b and H2c in relation with guest satisfaction.

5.2.6 Hypothesis H2

This hypothesis was developed to identify the link between room booking decision and guest satisfaction. The hypothesis H2 was not found to be significant with guest satisfaction. In present study, it has been found that room booking decision didn't play a significant role towards guest satisfaction. According to Gavilan et al. (2017), stated that when guests choose a hotel their decisions are influenced by a number of different aspects, including pricing. Worsfold et al. (2016), resulted that the physical characteristics of the hotel and the degree to which guests are satisfied with the service have varying effects on their perceptions of value and their inclination to return.

According to Raza & Khuram (2012); Petrick (2004); Parasuraman et al. (1988), stated that perceived value is defined as a guest's overall assessment of the utility of a product based on perceptions of what is received and what is given.

5.2.7 Hypothesis H2a

Hypothesis (H2a) was developed to discover the association between hotel brand and guest satisfaction. The hypothesis (H2a) was not found to be significant with guest satisfaction. In present study, it has been found that hotel brand didn't play a significant role towards guest satisfaction. Although in the hotel industry, brand image has been defined as a strong, positive, and distinctive hotel brand which are associated with guest decision-making (Kwun & Oh, 2007), Brand image refers to how consumers actually view or value a company or product. The guest association with a brand, shows both the association and the image represent subjective reality. Pazir & Amin (2015), said that guest satisfaction can be described as how well a company meets a client's needs and wants in accordance with his or her expectations before the customer ever receives the goods or services. Brand image refers to how consumers actually view or value a company or product (Falihah et al., 2021).

5.2.8 Hypothesis H2b

This hypothesis was framed to find out the association between guest review and guest satisfaction. This hypothesis has not been found be supported with guest satisfaction. Hotels use online guest reviews to explain a product or service to potential guests from the viewpoint of guests who have already used it. TripAdvisor is among the social media platforms that customers regularly use to choose a hotel based on reviews (Gozzali & Kristanti, 2013). Beverley & Victoria (2011b), stated that guest reviews have an impact on product rankings. Hotel reservation decisions are impacted differently by positive and negative reviews. Positive hotel reviews also help guests to make favorable decisions when it comes to booking a stay. The path coefficients generated by SmartPLS along with p-value (p > 0.05). The p-values were provided by

software using the bootstrapping procedure. It has been found that guest review has failed to impact on guest satisfaction in present study.

5.2.9 Hypothesis H2c

This hypothesis was framed to measure the connection between willingness to pay and guest satisfaction. This hypothesis has been found to be supported with guest satisfaction. Dwyer et al. (2000) assert that determining the prices for guest products while keeping in view for a range of factors, such as expenses, the price sensitivity of guests' willingness to pay, and rivals' prices, is crucial. Further, it is evident that none of this previous research has looked at price sensitivity when cooperative strategies between suppliers have been used to determine WTP. It is evident that customers are willing to pay more for high quality services. The path coefficients generated by SmartPLS along with p-value ($p < 0.05$). The p-values were provided by software using the bootstrapping procedure. It has been found that willingness to pay has a significant impact on guest satisfaction in present study.

Results pertaining to hypothesis 3: To assess the relationship between differential pricing and perceived service quality. These hypotheses were developed H3, H3a, H3b, H3c, and H3d in relation with perceived service quality.

5.2.10 Hypothesis H3

The prime aim of framing this hypothesis is to assess the relationship between differential pricing and perceived service quality. The present research has found that differential pricing is significantly associated with perceived service quality. The path coefficients generated by SmartPLS along with p-value ($p < 0.05$). The p-values were provided by software using the bootstrapping procedure. According to Townsend (1995), price discrimination is the practice of charging different prices for distinct manufacturing units even when the expenses of each unit are the same. Price discrimination is a widely used tactic to increase revenue. The fact that demand for perishable, fixed-capacity inventory (like airline tickets or hotel rooms) is typically

time-variable makes this revenue-managed strategy of changing prices conceivable. Jamal Ali et al. (2021), stated that the fact that a service is a process rather than a physical object is one of its most important and unmatched qualities. According to Kim et al. (2016), guest satisfaction with the hotel experience is reflected in the overall ratings.

5.2.11 Hypothesis H3a

Assessing the relationship between customer segment and perceived service quality was aim of this hypothesis. The hypothesis H3a was not found to be supported with perceived service quality. The results were obtained from the structural model estimation. The path coefficients generated with p-value by SmartPLS. The p-values ($p > 0.05$) were demonstrated by the software by using bootstrapping procedure. It has been found that the customer segment is not associated with perceived service quality and didn't play effective role towards perceived service quality. Moreover, expectations and opinions about the quality of the service before using it are equivalent. These preconceived notions before using the service turn into expectations based on observed performance which then turn into post-service quality perceptions (Malik, 2012). Customer segments affect hotel differential pricing. For instance, the hotel charges business and leisure customers, travel agencies, direct booking, central reservation systems, global distribution systems, etc., different costs for the same product (Lii & Sy, 2009).

5.2.12 Hypothesis H3b

This hypothesis was to assess the relationship between booking quantity and perceived service quality. The hypothesis has not proved to be supported and found not significant with perceived service quality. Price differences for the same category of products are based on the purchasing power of the customer, as demonstrated by the differences in costs between single-night and bulk reservations (Fakhri Tomalieh, 2014). The consumer selects the number of reservations with the goal of lowering the estimated total cost, according to Zhang et al. (2021). While these hotel pricing strategies increase

profits, there is a significant chance that they may discourage frequent FIT (Free Individual Traveler) customers. The results were obtained from the structural model estimation. The path coefficients generated with p-value by SmartPLS. The p-values ($p > 0.05$) were demonstrated by the software by using bootstrapping procedure. It has not been found that the booking quantity is associated with perceived service quality.

5.2.13 Hypothesis H3c

This hypothesis (H3c) was to assess the relationship between booking channel and perceived service quality. The hypothesis has not proved to be supported and not found to be significantly associated with perceived service quality. A guest seeks booking channel through various booking channels such as direct booking, online travel agencies (OTAs), hotel websites, etc. (Biełuszko & Marciszewska, 2018). Amin et al. (2013), stated that PSQ is defined as the guest's assessment of the overall superiority and differentiation of the offered services, and it primarily evaluates perceived quality. The structural model estimation produced the findings. The path coefficients that SmartPLS produced using a p-value. The software used a bootstrapping approach to show the p-values ($p > 0.05$). It has not been discovered that booking channel is significantly associated with perceived service quality.

5.2.14 Hypothesis H3d

Assessing the association between reservation timing and perceived service quality was aim of this hypothesis. The software used a bootstrapping approach to show the p-values ($p < 0.05$). The hypothesis has proved to be supported and found to be significantly associated with perceived service quality. Findings by Sánchez et al. (2020) indicated that when guest making a reservation, timing becomes essential for obtaining a good deal and avoiding ambiguity. A room rate set for hotel room in a small area that includes weekend and midweek stays as well as different advance booking options will be generated by an online meta-search booking engine. The advance booking window is limited to exclude any seasonality influence, and certain pricing characteristics are associated with it (Schamel, 2012). According to Grewal et al.

(1994), when a service provider performs better than expected, guests create positive disconfirmation. When the performance of the services offered by the service providers falls short of the expectations of the customers, negative disconfirmation will occur. The perception of the quality of the services rendered will suffer if expectations are not met.

Results pertaining to hypothesis 4: To assess the relationship between perceived service quality and guest satisfaction. These hypotheses were developed H34, H4a, H4b, H4c, H4d and H4e in relation with guest satisfaction.

5.2.15 Hypothesis H4

Hypothesis (H4) was developed to assess the relationship between perceived service quality and guest satisfaction. The software used a bootstrapping approach to show the p-values (p < 0.05). The hypothesis has proved to be supported and found to be significantly associated with guest satisfaction. Kim et al. (2016) state that overall ratings represent how satisfied guests are with their hotel stay. Stated otherwise, guests will provide a higher rating to the hotel if their expectations are fulfilled, and a lower rating if their level of satisfaction is not up to par. Further, when we talk about expectations as anticipation, the customer believes that they have a direct impact on satisfaction. As a result, the concept of expectations serves as the benchmark against which performance outcomes are judged. A satisfied guest is like one of the hotel's brand ambassadors, bringing in new business through word-of-mouth referrals in addition to guaranteeing money from his subsequent stays. Positive feedback from happy customers will be shared with the public, enhancing the hotel's reputation.

5.2.16 Hypothesis H4a

Assessing the relationship between reliability of perceived service quality and guest satisfaction. This hypothesis was found to be significant with guest satisfaction. The software used a bootstrapping approach to show the p-values (p < 0.05). Parasuraman et al. (1991) state that the service provider makes promises and demonstrates their value

to the activities as well as whether or not they are kept. A service provider's reliability is determined by how well and regularly they can complete the task at hand. One of the most significant parts of "doing it right the first time". Ladhari (2009) stated that hotel employees should follow service delivery procedures precisely to increase guests' trust. Reliability and trustworthiness, especially with regard to product delivery, guarantees, or refunds, are factors that consumers consider when choosing a hotel (Putra, 2019). Reliability in this context refers to the organization keeping its commitments in the fullest sense. Customers desire to continue having positive association with a service provider that honors its commitments.

5.2.17 Hypothesis H4b

This hypothesis was framed to assess the relationship between responsiveness of perceived service quality and guest satisfaction. The path coefficients generated by SmartPLS along with p-value ($p > 0.05$). The p-values were provided by software using the bootstrapping procedure. This hypothesis (H4b) is not found to be supported and not significantly associated with guest satisfaction. According to Ali et al. (2021), guest requests must be promptly responded otherwise the request can convert into a grievance. Munusamy et al. (2010) defined responsiveness as the ability to react quickly to customer requests. Furthermore, the study's findings indicate that there is a negligible correlation between responsiveness and customer satisfaction. Customer responsiveness is the extent to which an organization can provide prompt services, a variety of services, and a willingness to help customers within the system of service delivery. In other words, responsiveness is the operational performance that assesses a service provider's ability to meet customer demands for quality, timeliness, and flexibility.

5.2.18 Hypothesis H4c

The aim of this hypothesis was to find out the association between tangibility of perceived service quality and guest satisfaction. According to Amin et al. (2013), the definition of tangibility is the external appearance of physical structure, machinery,

personnel, communication tools, etc. Physical appearance includes how a structure and its ambiance look. Additional tangibility pertains to the appearance of hotel staff as well as the state of the rooms, restaurants, and other public areas. Tangibility is defined by physical objects, machinery, staff appearance, and user presence. Hartline & Jones (1996) state that tangibles may have an impact on cleaning and hotel service personnel. According to Ariffin & Maghzi (2012), the expectations and experiences of guests highlighted particular hotel features that should be prioritized in order to enhance visitor experiences and surpass expectations. The path coefficients generated by SmartPLS along with p-value ($p > 0.05$). The p-values were provided by software using the bootstrapping procedure. This hypothesis (H4c) is not found to be supported and not significantly associated with guest satisfaction.

5.2.19 Hypothesis H4d

This hypothesis was developed to find out the association between assurance of perceived service quality and guest satisfaction. This hypothesis (H4d) was not supported and assurance was not found to be significant with guest satisfaction. The path coefficients generated by SmartPLS along with p-value ($p > 0.05$). The p-values were provided by software using the bootstrapping procedure. According to Garbarino and Johnson (1999), trust plays a crucial role in mediating the behavior of guests both before and after they book a hotel room. This conduct strengthens the link between the two parties by promoting long-term loyalty and repurchase intentions. Furthermore, the findings showed that while the tangibility dimension satisfied the highest degree of perception, the assurance dimension produced the highest level of expectation. Additionally, based on research shows that guests should feel secure in all financial transactions and hotel employees should be reliable (Cronin & Taylor, 1992).

5.2.20 Hypothesis H4e

Hypothesis (H4e) was framed to assess the relationship between empathy of perceived service quality and guest satisfaction. Findings of result showed that this hypothesis was not supported and empathy was not found to be significant with guest satisfaction.

The path coefficients generated by SmartPLS along with p-value ($p > 0.05$). The p-values were provided by software using the bootstrapping procedure. According to Berinyuy et al. (2021); Lee et al. (2011b), highly skilled personnel who can identify and pinpoint areas where customers need better service quality might influence customers to be exceptionally satisfied with a business. An employee must first comprehend the client's attitude in order to provide them with a level of comfort and happiness. Empathy encourages the feelings of connection which satisfies the need for harmony and togetherness. It is the capacity to feel sympathy for someone in a social or interpersonal domain.

5.3 CONCLUSION OF THE STUDY

The objectives of this study were to find the guest preferences while selecting mid-scale hotel, the impact of differential pricing on room booking decision, the impact of room booking decision on guest satisfaction. Further, to examine the relationship between differential pricing and perceived service quality, and relationship between perceived service quality and guest satisfaction. To develop this, a structured planned review of the literature was conducted. In the past studies, there were limited research studies that explored the association among differential pricing, room booking decision, perceived service quality with guest satisfaction. Data was collected though the year in different months from different hotels in Delhi. Further, analysis was undertaken pertaining various statistical techniques and tools were discussed in this chapter. A range of managerial implications were presented by findings. The conclusion in context with research objective of this study can be discussed.

5.3.1 To study the guest preferences for selecting mid-scale hotels in Delhi.

A thorough study on previous researches was undertaken. On the basis of this, various factors were considered which were discussed guest preferences for hotel selection. From previous studies, the guest preferences were widely been discussed and shortlisted. The guest preferences of this study as follows;

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- Hotel location
- Brand image
- Room price
- Room facility
- Safety and security
- Previous stay experience
- Recommendations from other

Nowadays, guests are pickier about where they stay. The hotel industry is now fiercely competing with one another as a result of these changes. The hotel industry provides a wide range of services and is quite competitive.

There has been different preference for selecting mid-scale hotel by guests. It can be observed that highest level of preference is hotel location with 28.4%. Second most respondents around 24.8% have considered the room price followed by 17.1% (Brand image), 11.3% (Room facility) and 10.5% (Safety and security). The least with recommendations from other (3.1%) and previous stay experience (4.9%). According to Mccleary et al. (1993), location is the most crucial consideration for all business travelers when choosing a hotel. Across all age groups, guests evaluated price and quality as the most significant criteria followed by those relating to security and location convenience (Rivers et al., 1991). El-Said (2020), potential guests sympathize with the hotel brand and tell them of the hotel's capacity to satisfy their emotional demands and the brand of the hotel is more likely to reserve a room.

Based on result, Sig (2-tailed) .921 greater that 0.05 (p value). Hence there is no statistically significant difference between male and female guests' preference while selecting mid-scale hotel. The mean of male respondents is 2.846 and mean of female respondents are 2.864.

5.3.2 To examine the impact of differential pricing on room booking decision in the study area.

The differential pricing is strategy of charging a different price to guest for the same product and services. Based on extensive study on previous researches, these variables are shortlisted for this study as follows;

Customer Segment: Based on different customer segment such as business clients, leisure clients, travel agencies, direct booking, central reservation system, global distribution system, etc. hotel charges different prices for the same product and service. The customer segmentation is the process of dividing guests or potential guests in a market into various groups or segments.

Booking Quantity: Prices for the same category vary depending on the customer's purchasing power; for instance, bulk reservations and single-night reservations of the same category have different prices. In addition, hotels provide incredibly appealing rates to long-term visitors, groups, travel agencies, etc. in order to capture a significant portion of the market for the same kind of hotel room.

Booking Channel: Differential pricing occurs when a guest looks for room booking through various booking channels such as direct booking, online travel agencies (OTAs), hotel websites, etc.

Reservation Timing: Price adjustments are made in response to variations in demand, which are further determined by the seasons such as peak and off-season and the time of reservation for future use of goods and services. For instance, let's say that two distinct customers have planned visits to the same star hotel, but there is a delay in booking their hotel rooms: Customer A booked a month in advance of the arrival date, while Customer B booked only a week beforehand.

All the constructs of differential pricing were evaluated and assessed for their relationship with room booking decision. Five hypotheses were tested through

structural equation modelling and four were found to be supported and one was found not to be supported. Managerial implication of the same discussed along with suitable recommendations.

5.3.3 To analyze the impact of room booking decision on guest satisfaction.

Guest room booking decisions are mainly influenced by factors such as hotel brand, guest review, and willingness to pay however other factors are security and high-quality services. Guest purchase decisions are actions taken or behaviors shown in reaction to an object. Based on extensive study on previous researches, these variables are shortlisted for this study as follows;

Hotel Brand: In the hospitality industry, brand image has been defined as a strong, positive, and distinctive hotel brand which are associated with guest decision-making. The general status and perception of a hotel brand have also been discovered to be related to the hotel brand image.

Guest Review: The foundation of today's hotel industry is feedback from customers who leave evaluations. Additionally, every online reviewer's satisfaction level with hotel service mostly depends on subjective factors including value for money, sleep quality, and overall service.

Willingness to Pay: Price is seen as the perceived cost of acquiring a service from the perspective of a guest. The term "willingness to pay" (WTP) refers to the highest price a customer is willing to pay for a specific amount of a good or service.

All the constructs of room booking decision were evaluated and assessed for their relationship with guest satisfaction. Four hypotheses were tested through structural equation modelling and one was found to be supported and three were found not to be supported. Further, managerial implication of the same discussed along with suitable recommendations.

5.3.4 To assess the relationship between differential pricing and perceived service quality.

The differential pricing is strategy of charging a different price to guest for the same product and services. Based on extensive study on previous researches, these variables of differential pricing are taken into the consideration for this study such as customer segment, booking quantity, booking channel and reservation timing in relation with perceived service quality. All the constructs of differential pricing were evaluated and assessed for their relationship with perceived service quality. Five hypotheses were tested through structural equation modelling and two were found to be supported and three were found not to be supported. Further, managerial implication of the same discussed along with suitable recommendations.

5.3.5 To assess the relationship between perceived service quality and guest satisfaction.

The idea of quality can be described as elusive since it is important to distinguish between products and services and has multiple characteristics. Overall hotel experience ratings show how satisfied guests are with their stay. Guest will give the hotel a higher rating if their expectations are met, and a lower rating if their impression of the hotel is not what they had anticipated. Based on extensive study on previous researches, these variables are taken into the consideration for this study as follows;

- **Reliability:** Ability to perform the promised service dependably and accurately.
- **Responsiveness:** Willingness to help customers and provide prompt service.
- **Tangibility:** Physical facilities, equipment, and appearance of personnel.
- **Assurance:** Knowledge and courtesy of employees and their ability to inspire trust and confidence.
- **Empathy:** Caring, individualized attention the firm provides its customers

All the constructs of perceived service quality were evaluated and assessed for their relationship with guest satisfaction. Six hypotheses were tested through structural equation modelling and two were found to be supported and four were found not to be

supported. Further, managerial implication of the same discussed along with suitable recommendations.

5.4 MANAGERIAL IMPLICATIONS

Based on the study's findings, this part provides both managerial and theoretical suggestions. This research study was performed among mid-scale hotels in Delhi and explored the guest preferences while selecting hotels. The impact of differential pricing on room booking decision was examined. The impact of room booking decision on guest satisfaction was also examined. Assessing the relationship between differential pricing and perceived service quality was performed. And also assessed the relationship between perceived service quality and guest satisfaction. The various managerial implications were revealed and these findings and implications were:

Differential pricing has major role in room booking decision. It has significant impact room booking decision of guests. The hotel managers must ensure to reduce high discrimination of room price while offering to guest based on market segmentations. The dimensions of differential pricing such as customer segment, booking quantity, booking channel have a significant impact on room booking decision. Though differential pricing strategy used by hotel managers to charge guests different price for the identical products and services to generate maximum revenue from them. However other factors under differential pricing such as reservation timing has not a significant impact on room booking decision.

Willingness to pay (WTP) factor of room booking decision has a significant impact on guest satisfaction. The guests don't know the real cost of product and services while booking a room and compare it with services offered to them. The package offered to guests play a vital role because when guests make decision for booking a room they compared with price. Although other factors of room booking decision such as hotel brand and guest review have not a significant impact on room booking decision.

Differential pricing plays a vital role in perceived service quality. It has significant relationship with perceived service quality. Guests assess the price post-purchase with the product and services received, hence the hotel managers ensure the products and services while providing to guests. This empirical research sought to extend the understanding of impact of price on post-purchase perceptions. The other factors under differential pricing such as customer segment, booking quantity and booking channel have not significant relationship with perceived service quality. Although customer segment influence hotel differential pricing for example, the hotel charges different prices for the same product to business clients, leisure clients, travel agencies, direct booking, central reservation system, global distribution system.

Perceived service quality has a major role in guest satisfaction. It has a significant relationship with the guest satisfaction. Maintaining and enhancing customer service would be made possible by the hotel's consistent efforts to improve the dimensions of service quality on service performance. Being attentive and adaptable in fulfilling guests' expectations is a vital aspect of service excellence that hotels need to embrace. It will boost the hotels' profitability. As a result, manager should not take their performance in terms of service quality lightly and should always be looking for methods to do better by getting input from guests.

5.5 LIMITATIONS & FUTURE SCOPE OF STUDY

There were many limitations to the current study as it has been conducted. It is crucial for future researchers to understand limitations in order to develop innovative solutions and raise the caliber of their work. The procedure of conducting research has an endless reach. The study is conducted in a particular area that other hotels are unable to cover. The fact that some respondents misread or misinterpreted the survey query highlights another difficulty. In addition to having restricted access to journals and articles, some international journals require payment for access, which can be expensive. However, there aren't many journals that publish research on this subject; the majority of journals publish research on customer satisfaction, but there aren't many that publish research on differential pricing and room booking decision.

- The survey was conducted to the hotels guest, but some of the guests didn't take it seriously or didn't have enough time to complete it correctly because of time constraints or other issues.
- Taking the respondents into account, the sample size was determined.
- The study is exclusively conducted within the Delhi.
- Getting approval from hotel authorities to enter hotels takes a lot of time.
- Due to internal problems, several hotels are not allowed to give information.
- Research limited to a specific region, in terms of the instruments and methods used, the sample and processes, and so on, based on the resources of the researchers.
- Study was exclusively conducted in mid-scale sector of hotel.
- Further the research could be done on mediating role of perceived service quality.
- Further research could investigate other variables such as pre and post purchase decision.
- Mixed method questionnaire techniques could be adopted for the further study.

5.6 ASSUMPTIONS

There are numerous assumptions in this study. According to Simon (2013), assumptions are variables that affect a study but that the researcher is unable to verify once the study is over. The initial presumption was that the response obtained from the respondents accurately reflected. It was presumed that the participants meet the study's requirements.

Secondly, in order to accomplish the study's objectives, it was expected that the measuring scale would be reliable and that the research hypothesis would be formulated accordingly. It was assumed that the data analysis tools adopted for this study would provide the reliable and easy to interpret results. It was assumed that representation of respondents for the whole mid-scale hotels of Delhi and the responses might prove real across different parts of India as well.

5.7 RECOMMENDATIONS AND SUGGESTIONS

The guest preferences have an important role in being selected by guests among the mid-scale hotels. The hotel location, brand image and room price were considered to be priority for the guest when they book hotel. Although other preferences are also important such as room facility and safety & security. It has been seen that most of the respondents have selected the hotel brand and room price after the hotel location in the given options of questionnaire. Differential pricing along with its factors such as customer segment, booking quantity and booking channel have been proved as a significant impact on room booking decision. Guests are quilt price sensitive in today's highly competitive market and they compare offered rates with competitor price. Willingness to pay (WTP) under the room booking decision has a significant impact on guest satisfaction. When making a reservation, guests are not aware of the true cost of the goods and services and compare it against the services provided. Despite this, other elements like hotel brand and customer reviews don't really affect the choice to reserve a room. Perceived service quality (PSQ) has a significant relationship with guest satisfaction. Reliability of services in terms of rooms ready and all room equipment in proper working condition are important. Furthermore, neat and tidy rooms, adequate fire safety facility, maintenance of hotel interior and exterior which depict the tangibility of services. A courteous, product knowledgeable, and effectively communicated staffs are equally important hence the hotel should focus on these aspects to understand and meet the guest expectations. It is significantly correlated with guest satisfaction. Consistent attempts to improve service quality aspects on service performance by the hotel would enable them to maintain and improve customer service. Consequently, managers must to be mindful of their service quality performance and always seek ways to improve by soliciting feedback from guests. Some of the following suggestions have been discussed for hotel operations;

➢ Hotel managers should more focus on pricing strategies, building a good hotel brand image and improvement of room facility and safety & security.

➢ Moreover, there is no significant difference between male and female guests' preference while selecting mid-scale hotel.

- The hotel managers must critically work on room price while making differential pricing strategies to avoid high price discriminations.

- A firm should avoid the high price difference for the same product among corporate clients, free individual traveler (FIT) guest and single lady travelers.

- A firm should avoid the high price difference for the same product based on different booking channel such as hotel website, walk-in guest and direct reservation through hotel.

- The package that is offered to guests is quite important because they compare prices and show their willingness to pay (WTP) for it while room booking decision.

- Hotel must work on the critical component of service excellence, which is being alert and flexible to meet the guest expectations. As guest compares perceived service quality with their expectations.

- Hotel should be more focused on reliability of services to ensure the promised services accurately.

- Hotel staffs should be able to provide service as promised to guest while booking of hotel room.

- Hotel rooms must be ready upon guest arrival at hotel as promised because it leads to guest satisfaction.

- Rooms must be neat and tidy at the time of check-in to meet the high guest expectations.

- The hotels should ensure that all the equipment in the room were working properly and safe & secure guest stay.

- The room pricing is very important aspect to understand which directly involve in guest room booking decision.

- Guest satisfaction is significantly influenced by perceived service quality hence hotel manager should more focus on service delivery.

- Prompt response of the guest requests and quickly solving the guest problems are important hotel to meet the guest expectations.

5.8 SUMMARY

The discussion of the result based on analysis of the data was done after that it was discussed the possible managerial implications. The ppotential recommendations were incorporated together with the essential consequences that the hotel industry needs to take into account. The research study's objectives were conducted and examined along with the findings from the analysis. There was also discussion of the study's potential limitations that were discovered in this present study.

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<div align="center">

RESEARCH QUESTIONNAIRE

</div>

Dear Respondent,

This questionnaire is prepared by a Ph.D. Scholar for the purpose of writing a thesis on "**Impact of Differential Pricing on Room Booking Decision and Guest Satisfaction: A Study on Mid-Scale Hotels in Delhi**". This questionnaire is intended to get primary data that will be important to conduct this research because your correct and genuine responses greatly value the survey, you are kindly requested to respond freely and with full responsibility. Your honest response is a very important input to my thesis. I want to assure you that your privacy for responding to this questionnaire will be confidential and the information will exclusively be used for research purposes only.

The questionnaire has six following parts;

> Part 1 – Demographic Profile
> Part 2 – Guest Preferences
> Part 3 – Differential Pricing
> Part 4 – Room Booking Decision
> Part 5 – Perceived Service Quality
> Part 6 – Guest Satisfaction

I would like to express my sincere appreciation and most profound thanks in advance for your generous time and cooperation.

PART 1 – DEMOGRAPHIC PROFILE: Please tick *(✓)* as appropriate.

1. Gender

- o Male
- o Female

2. Age

- o 20 – 30 years
- o 30 – 40 years
- o 40 – 50 years
- o 50 – 60 years
- o 60 years or above

3. Marital Status

- o Single
- o Married
- o Widow
- o Separated

4. Education

- o Upto 10+2
- o Graduate
- o Post-graduate
- o Doctorate
- o Others

5. Occupation

- o Private Service
- o Self-employed
- o Professional
- o Government Service
- o Others

6. Annual Income

- o Upto 5 lakhs
- o 5 – 10 lakhs
- o 10 – 15 lakhs
- o 15 – 20 lakhs
- o 20 lakhs or more

PART 2 – GUEST PREFERENCES

7. Please tick *(✓)* your preference for selecting a mid-scale hotel.

- o Hotel location
- o Brand image
- o Room price
- o Room facility
- o Safety and security
- o Previous stay experience
- o Recommendations from other

PART 3 – DIFFERENTIAL PRICING

N<u>o</u>	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
	Customer Segment					
8	Hotel room pricings are low for corporate clients.					
9	The hotel offers a high price for FIT (Free individual traveller) guests.					
10	The hotel offers a high price for single lady travellers.					
	Booking Quantity					
11	The hotel offers a special discounted rate for long-stay guests.					
12	Do you feel that the hotel offers a rebate for bulk booking of a room.					
13	Do you feel that the hotel offers a high price to individual guests.					
	Booking Channel					
14	Do you feel that hotel quotes a high price for the walk-in guest.					
15	Do you feel that the hotel website rate is high.					
16	The offline travel agencies charge a high price.					
17	The hotel offers an attractive rate to increase direct booking.					
	Reservation Timing					
18	Pricing of the hotel room is high during peak season.					
19	Do you feel that early booking attracts low prices.					

N<u>o</u>	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
20	Do you feel that the hotel offers a high price for last-minute bookings.					

PART 4 – ROOM BOOKING DECISION

N<u>o</u>	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
	Hotel Brand					
21	I consider the brand while selecting a hotel.					
22	I always recommend my hotel brand to my friends.					
23	I am willing to put in a great deal of effort if my hotel has a prestigious image.					
24	I feel proud when my friend or customer leaves a good comment about my hotel brand.					
	Guest Review					
25	I decided to book a room with the hotel because of the guest's positive online reviews.					
26	The online rating lists are more useful when published by well-known online travel communities e.g., TripAdvisor.					
27	The guest online feedback is reliable.					
	Willingness to pay					
28	High prices are an indicator of high quality.					
29	If I'm going on vacation, I don't want to exceed the pre-fixed travel budget					
30	If I'm booking a room, I always try to find a low-price offer.					

No	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
31	If I'm booking a room, I'm always trying to do a price comparison.					

PART 5 – PERCEIVED SERVICE QUALITY

No	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
	Reliability					
32	The employees of the hotel were able to provide service as promised.					
33	My room was ready as promised.					
34	All the equipment in the room were working properly.					
	Responsiveness					
35	The employees of hotel responded promptly to my requests.					
36	The employees of hotel responded quickly to solve my problems.					
37	The employees were willing to answer all my queries.					
	Tangibility					
38	The hotel had modern-looking equipment.					
39	The hotel provided neat and tidy room.					
40	The hotel's interior and exterior were well maintained.					
41	The hotel had adequate fire safety facilities.					
	Assurance					
42	The employees at the hotel were consistently courteous and friendly with guests.					

No	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
43	The hotel provided a safe and secure environment.					
44	The employees of the hotel had the knowledge to answer guest's queries.					
	Empathy					
45	The hotel gave an undivided attention to guests.					
46	The employees of the hotel understood the specific needs of their guests.					
47	The employees were able to communicate effectively with you.					

PART 6 – GUEST SATISFACTION

No	Items	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
48	The service quality that I experienced met my expectations.					
49	I felt the perceived service quality with positive experiences and recommend the hotel.					
50	In case of a slight increase in prices, I still would return to this hotel.					
51	Did you feel that the hotel has overcharged you.					
52	The hotel perceived service quality was as per the reviews given by other guests.					
53	The hotel offered the services as per their brand image.					

Appendix 2

<u>List of Publications</u>

1. Paper title "**The impact of differential pricing on perceived service quality and guest satisfaction: An empirical study of mid-scale hotels in India**" published in **Turyzm/Tourism** journal in December 2023. (Scopus Indexed)

Appendix 3

<u>**List of Conferences**</u>

1. Paper **title "Assessment of the guest preferences for selecting midscale hotels in Delhi**" presented in **"Recent Trends of Commerce, Arts, Science, Education, Management and Humanities in Present Scenario"** organized by **Shri Rewa Gurjar Bal Niketan College, Madhya Pradesh** on 26-27th September, 2022.

2. Paper **title "Assessment of the guest preferences for selecting midscale hotels in Delhi**" presented in **"Impact of Service Quality on Guest Satisfaction in Hotels: A Systematic Review"** organized by **School of Hotel Management and Tourism, Lovely Professional University, Punjab** on 03-04th February, 3023.

Appendix 4

<u>List of Workshops</u>

1. Participated the workshop on "**Short Term Course on Research Methodology and Data Analysis**" organized by **Lovely Professional University, Punjab**, January 30, 2023 to February 04, 2023