

DETERMINING THE FACTORS AFFECTING CUSTOMERS SATISFACTION IN OYO ROOMS

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Abstract: *OYO Room, an online hotel booking service organization is getting popularity all over India for their innovative and technology based services. The customers are becoming tech-savvy and are using Internet for booking hotels online. It is important to know the factors that are determining the consumer's changing behavior. The purpose of the paper is to understand the factors influencing customer's decision in stay at OYO rooms. An exploratory study using Purposive sampling survey was carried out for the purpose. Principal Component Analysis conducted on 220 responses revealed five factors that explained 59% of the variation in perceived service quality dimensions. The factors were found to be valid and reliable. Chi-Square analysis revealed that customer demographics play a significant role in frequency of use of digital wallets for payment. The contribution of the study is that it develops an additional insight to understand consumer behavior in online hotel booking services.*

Index Terms: *Customer Satisfaction, Service Quality, Factors, OYO Rooms.*

I. INTRODUCTION

E-booking means making a reservation or appointment for a service via the internet. Online hotel reservations are a popular method for booking hotel rooms. Travelers can book rooms on a computer by using online security to protect their privacy and financial information and by using several online travel agents to compare prices and facilities at different hotels. Prior to the Internet, travelers could write, telephone the hotel directly, or use a travel agent to make a reservation. Nowadays, online travel agents have pictures of hotels and rooms, information on prices and deals, and even information on local resorts. Many also allow reviews of the traveler to be recorded with the online travel agent. Online hotel reservations are also helpful for making last minute travel arrangements. Hotels may drop the price of a room if some rooms are still available. Philip Kotler et al. (2013) renowned authors in the field of marketing experimented that, online travel agents offer customers the opportunity to conveniently book travel at discount prices. However, they make money only when visitors go to their Web sites and book travel.

OYO rooms, commonly known as OYO, is India's first technology driven network of standardized branded budget hotels in the country. It started in 2012 and currently it is a chain of hotels and its goal is to change the way people stay away from home. OYO is providing variety of hotel rooms, flagship, studio stays, long stays and oyo bazaar to the customers.

II. REVIEW OF LITERATURE

OYO rooms have become an online aggregator of budget hotels. Online customers express their loyalty to a service provider in various ways (Viitanen et al., 2003). It is indicated in return and repurchases behaviour and favourable word of mouth. In online purchase behaviour, word-of-mouth can spread quickly. On-line customers can use e-mail, often offered in the form of a link, to recommend their favourite web site to friends and family.

Mu Zhang et al (2015) paper adopts Gap model and SERVQUAL questionnaire as a reference, builds six service quality dimensions of online travel booking which based on data analysis and research, namely, "tangible", "reliability", "guarantee", "responsiveness", "empathy" and "user friendliness", with 18 specific measurements, the online travel booking service quality measurement instrument is eventually established. The authors gave following conclusions:(1) There is significant difference between customer perceived service quality standards and customer expectations of service quality level of online travel booking. (2) The online travel booking service quality dimensions positively correlated with overall satisfaction.

O'Neill, M.A et al, (2012), assessed the service quality using Gap analysis, in this study the perceived quality of a given service is the outcome of an evaluation process during which customers compare their prior expectations of the service with that they have actually received. i.e. having perceived service against the expected service.

Igor H. Crnojevac (2010) study on "e-Tourism: A comparison of Online and Offline Bookings and the Importance of Hotel Attributes" [JIOS, VOL. 34, NO. 1 (2010), PP. 41-54]states that, bookings between women and men do not differ significantly. The smallest share of online reservations belongs to the age group 41 to 50 years. Differences between the share of online bookings by the countries of origin of respondents were somewhat larger.

According to Michael McCormick, executive vice president, Hospitality and Leisure Services, Cendant Travel Distribution, 2003 - travel agents' difficulty is a result of the changes in airline commissions, the agencies' former revenue mainstay. In 1999 domestic-airline revenue was 53 percent of travel agency revenue. In 2001 that figure had dropped to 45 percent-a 15-percent drop in just two years-and airlines have continued to diminish their commission payments.

III. AIMS & OBJECTIVES OF THE STUDY

The study seeks to identify the determining factors of customer's decision making in OYO rooms. The main objective of the study is to measure and assess the factors influencing decision making in OYO rooms. The study will identify the relationship between customer's satisfaction level and frequency of usage in OYO rooms.

IV. RESEARCH METHODOLOGY

The research questions include:

RQ1. What are the key dimensions of online hotel booking in case of OYO rooms services?

RQ2. How do the effects of the OYO Rooms users' characteristics influence his/her frequency of use of OYO services?

Research Design -The research follows an Exploratory Research approach since the subject is relatively new in India. To analyze the propositions, an empirical Survey of adopters of digital wallet services was conducted among consumers of OYO Rooms.

Research Instrument-A structured questionnaire primarily based on SERVQUAL proposed by Parasuraman et al. (2005) has been adapted for the study. Items selected for the constructs were primarily adapted from previous studies to ensure content validity. Modifications were made to the scale to fit the purpose of the study. All the questionnaire items were measured using a five-point Likert scale which ranged from (1) strongly disagree to (5) strongly agree.

Mode of Data Collection-The questionnaire was administered by personal and telephonic interview and in some cases questions were mailed to respondents. A purposive sampling method was used to consciously select customers who meet the criteria of having used OYO services in the last one year. The respondents were selected from educational institutions, shops, offices and households.

Universe and Sample Size- Most of the sample respondents belong to Kolkata and some are from Chennai and Bangalore. As per Basu et al. (2013), the urban populations residing in the metro cities of India show uniformity in their attitudes and temperaments, hence the choice of 3 cities can be taken as an appropriate representation of the Indian urban population. In total 300 questionnaires were distributed, of which 220 valid questionnaires could be retained for analysis purpose.

Research techniques used-To find out answers to the research questions, data were analysed using the following techniques: - Principal Component Analysis, Chi-Square tests, Correlation analysis. SPSS v.22 software was used for analysis purpose.

V. DATA COLLECTION AND ANALYSIS

Table 1: Demographic Profile of the Respondents

CHARACTERISTICS		NO. OF RESPONDENTS	% OF RESPONDENTS
GENDER	MALE	116	52.7
	FEMALE	104	47.3
AGE (In Years)	<25	23	10.5
	26-40	168	76.3
	40-55	25	11.3
	>55	4	1.9
EDUCATION	HIGH SCHOOL OR LESS	20	9.1
	GRADUATE	89	40.5
	POST-GRADUATE	104	47.2
	PhD and Others	7	3.2
INCOME RANGE/MONTH (In Rs.)	<25000	26	11.8
	25000-50000	53	24
	50000-75000	54	24.5
	>75000	115	52.7
OCCUPATION	Service	26	11.8
	Business	28	12.7
	Others	42	19.1
		124	56.4
FREQUENCY OF USAGE	Light users (<3 times/year)	54	24.5
	Medium users(3-5 times/year)	76	34.5
	Heavy users (>5times/year)	90	41

Major Male respondents were having age group of 26-40 who were post-graduate and were having household income more than Rs.75000 per month. Most of the respondents were heavy users and belonged to Service occupation. (Refer Table 1)

Table 2: Table Depicting Reliability of Factors and Factor Loadings

Reliability Statistics

Cronbach's Alpha	N of Items
.862	18

The dimensionality of the scale was initially assessed through principal components analysis (Hair et al., 2010). The criterion followed for the extraction of the factors was to have an Eigen value higher than 1. The items having factor loadings less than 0.5 were eliminated (Hair et al., 2010). Finally, five factors, all having Eigen values of unity and above were extracted (Refer Table 3). The individual dimensions of the proposed instrument explained total variance exceeding 59 per cent, suggesting the appropriateness of the process (Refer Appendix). Based on shared meaning on the items of each factor they were named as- Reliability, Tangibles, Empathy, Assurance, and Responsiveness. The factors were checked for reliability. The Cronbach's alpha values from the SPSS output for each component are greater than 0.7 (Refer Table

2). A table with factors loadings from rotated component matrix is presented in appendix for better clarity of the findings from Principal Component Analysis and Reliability tests.

Table 3: Tables depicting KMO and Barlett’s test and communalities fro Factor Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.820
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	1172.108
	153
	.000

Communalities

	Initial	Extraction
Employee behaviour	1.000	.758
Assured and valued Service	1.000	.766
Premium Location	1.000	.657
Easy Booking Process	1.000	.879
Toiletries and kits	1.000	.550
Cheap Prices	1.000	.660
Word of Mouth and Past experience	1.000	.589
WiFi and other facilities	1.000	.749
Safety of valuables and customers	1.000	.839
Food & Beverages provided by OYO	1.000	.894
Best Payment Options	1.000	.813
Rooms availability	1.000	.712
Hygiene and Neatness in rooms	1.000	.779
Prompt and fast response	1.000	.694
Towels, Sheets and Blankets	1.000	.859
Easy Cancellation Process	1.000	.714
Smooth Refund Process	1.000	.726
Ambience and comforts during stay	1.000	.493

Extraction Method: Principal Component Analysis.

1. Empathy	2. Tangibles	3. Reliability	4. Assurance	5. Responsiveness
Employee Behaviour	Food and Beverages	Best Payment Option	Assured and Valued Service	Fast and Prompt response
Premium Location	Towels, Sheets & Blankets	Easy availability of Rooms	Easy Cancellation Process	Smooth Refund process
Cheap Price	WiFi and other facilities		Hygiene & Neatness	
Safety of Valuables and customers				

After the factor analysis, five major factors were shortlisted. The above table shows that OYO rooms should focus upon Empathy, Tangibles, reliability, Assurance and Responsiveness to keep customers happy and should try to maintain consistency in all the important factors.

Table 4: Table Depicting the Relationship of the Satisfaction with Frequency of Use OYO Rooms

Correlations

		Satisfaction	FREQUENCYUSAGE
Satisfaction	Pearson Correlation	1	.012
	Sig. (2-tailed)		.857
	N	220	220

FREQUENCYUSAGE	Pearson Correlation	.012	1
	Sig. (2-tailed)	.857	
	N	220	220

As per table 4, the results of correlation tests are showing a significant relationship between customer's satisfaction level and their frequency of using OYO room's service. The significance value is .857 which is going towards 1, it shows that satisfy customers are using OYO rooms service frequently.

We continue to our second research objective which relates to identifying the effects of the OYO Customers' characteristics on his/her frequency of use of services. For that, relevant Cross-tabulations using Chi-Square tests were conducted. A composite table depicting the implications of Demographic variables on frequency of use is presented in Table 5 which is being followed by the explanations from Chi-Square analysis.

Table 5: Composite Table Depicting the Relationship of the Satisfaction with Frequency of Use OYO Rooms

Demographics	Details	Frequency	d.f.	Chi. Sq. Value	Sig.*
GENDER	Male	136	2	24.564	0.000*
	Female	84			
AGE	<25	41	6	6.136	0.408*
	26-40	137			
	40-55	30			
	>55	12			
EDU LEVEL	High school or less	30	6	9.176	0.164*
	Graduate	91			
	Post-graduate	77			
	Phd and Others	22			
HOUSEHOLD INCOME RANGE/ MONTH	<25000	100	6	12.865	0.045*
	25000-50000	93			
	50000-75000	18			
	>75000	9			
OCCUPATION	Service	92	4	9.570	0.048*
	Business	80			
	Others	48			

As per the given table, the results have shown that Age, Income, Occupation, Education level, and Gender here is a significant influence on customer's decision making in stay in OYO rooms. Males are more tech savvy and more frequent users of OYO rooms. People belong to age group of 26-40 who are in service or doing their business are more frequently using the OYO rooms. They are using OYO rooms because of lesser prices.

VI. CONCLUSION

There is a dearth of research in determination of factors affecting customer's satisfaction in OYO room's service. The study develops better understanding of customer's decision making factors in context to OYO rooms stay. The findings ensure that through maintaining important factors and quality services, OYO service vendors can easily retain customers. The research showed that the satisfaction level will bring customer's frequency of usage. The demographics are significantly affecting the frequency of using OYO rooms. The research will help OYO Rooms to have a comprehensive, holistic and clearer understanding of factors that influence the satisfaction level of Indian consumers.

VII. LIMITATIONS

This study involves a number of limitations that need to be acknowledged. First, the primary limitation of the research relate to the small sample size, as generalizations are difficult to make with small sample sizes. Second, the 18 Service Quality items were selected through review of literature. Results may differ if different items were selected or different scales are used. Therefore, results cannot be generalized for other service contexts.

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APPENDIX

Tables showing Factor Analysis

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.464	30.353	30.353	5.464	30.353	30.353
2	1.445	8.027	38.380	1.445	8.027	38.380
3	1.345	7.470	45.850	1.345	7.470	45.850
4	1.199	6.659	52.509	1.199	6.659	52.509
5	1.120	6.223	58.732	1.120	6.223	58.732
6	.993	5.516	64.247			
7	.847	4.703	68.951			
8	.815	4.527	73.477			
9	.699	3.884	77.361			
10	.620	3.444	80.805			
11	.593	3.292	84.097			
12	.537	2.981	87.078			
13	.501	2.781	89.858			
14	.456	2.536	92.394			
15	.414	2.301	94.695			
16	.370	2.056	96.752			
17	.321	1.781	98.533			
18	.264	1.467	100.000			

Extraction Method: Principal Component Method

Component Matrix^a

	Component				
	1	2	3	4	5
Employee behaviour	.885	.524	.497	.078	-.192
Assured and valued Service	.670	-.548	-.061	.734	.561
Premium Location	.834	.627	-.150	.242	.096
Easy Booking Process	.678	.573	-.052	.395	.109
Toiletries and kits	.574	.082	.029	.222	.251
Cheap price	.838	.777	.529	-.185	.628
Word of Mouth and Past experience	.452	-.139	.382	.510	-.243
WiFi and other facilities	.680	.895	-.300	-.149	.115
Safety of valuables and customers	.872	.681	-.085	-.057	-.150
Food & Beverages provided by OYO	.639	.752	.693	.062	.149
Best Payment Options	.561	.268	.802	.631	-.013
Rooms availability	.446	-.129	.815	-.183	.446

Hygiene and Neatness in rooms	.610	.602	.544	.778	-.099
Prompt and fast response	.557	-.262	.645	.553	.797
Towels, Sheets and Blankets	.547	.759	.108	-.237	-.537
Easy Cancellation Process	.615	.144	.134	.728	-.122
Smooth Refund Process	.488	.201	.304	.085	.784
Ambience and comforts during stay	.623	-.320	-.030	.041	.014

a. 5 components extracted.

