

Who Values More for Bed and Breakfast's Aesthetic Experience?

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Abstract

As the society gradually evolves toward the experience economy, more and more people pay attention to the aesthetic aspects of products. Will B&B's aesthetic experience matter to the tourists? If so, do different type of tourists value same B&B attribute differently? The purpose of this research is twofold. First of all, we explored B&B's attributes; secondly, we utilized the hedonic price theory to explore the differences in preference for B&B's attributes among various market segmentations. The study object was tourist of Sun-Moon-Lake National Scenic Area in Nantou County, aged 18 or up, who spent the night in a B&B in YuChih Township the night prior survey. Total 385 valid samples were obtained. The results indicate that the B&B's attribute consists of 6 dimensions, and they were Service, Basic function, Architecture & interior design, Scenery & landscape, Destination accessibility and Convenient transportation. The B&B market were segmented by travel companion, leisure expense, and booking status. The findings revealed that, by travel companion, tourists as couple or husband-and-wife without children are willing to pay more for Scenery & landscape, Architecture & interior design, away-from-route 21, while other tourists are willing to pay more for Scenery & landscape and being inside the commercial district. By family leisure expenses, we find tourists with higher leisure expenses are willing to pay more for Scenery & landscape, while tourists with lower leisure expenses are willing to pay more for Scenery & landscape, away-from destination, and being inside the commercial district. By booking status, the results show that tourists with prior booking are willing to pay more for Scenery & landscape, while those without prior booking are willing to pay more for Scenery & landscape, and being inside commercial district. In sum, tourists of different market segments value same B&B attribute differently.

Keywords: aesthetic experience, market segmentation, hedonic price, bed and breakfast

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Introduction

B&B has become the fastest growing type of accommodation in Taiwan. Compared to hotel, bed and breakfast (B&B) tends to offer tourists diverse accommodation experiences, including aesthetic ones. As Taiwan's society gradually evolved toward the experience economy, more and more people pay attention to the aesthetic aspects of products. Will B&B's aesthetic experience matter to the tourists? If so, do different type of tourists value same B&B attribute differently? According to the hedonic price theory, a positive significant relationship between room rate and a B&B attribute indicates that the consumers value this attribute positively and favorably, and are willing to pay more for this particular attribute, and vice versa. Consequently, the purpose of this research is twofold:

1. to explore B&B's attributes;
2. to explore the differences in preference for B&B attributes among various market segmentations by applying the hedonic price theory.

Methodology

Based on the purpose of research, the hypothesis (H) of the research is: B&B attributes would affect price of a B&B. The questionnaire consisted of four sections. The first section regards room rate, room type, and content of services without surcharge (e.g. breakfast, station pick-up). The second section consisted of 41 questions on the performance of B&B attributes. The third section consisted of 9 questions on travel and accommodation related characteristics. The fourth section consisted of 9 questions on socio-demographic characteristics. Moreover, the researchers utilized google map to measure the distance of a sampled B&B to County Route 21 and to locate whether a B&B sit within ShuiSheh or Der-HuaSheh business districts.

The study object is tourist of Sun-Moon-Lake National Scenic Area in Nantou County, aged 18 or up, who spent the night in a B&B in YuChih Township the night prior survey. The survey was conducted during weekends from Oct. 3-Dec. 27, 2008, to eliminate weekday/weekend fluctuation of room rate. Total 385 valid samples were obtained. Exploratory factor analysis was applied to extract dimensions of B&B attributes. Semi-logarithm multiple linear regression analysis was chosen to establish the hedonic price model for three major B&B market segmentations.

Results

The samples were mostly single (54.9%), young (48.1% age 19-29), well-educated (82.7% received at least undergraduate education), reside in central (42.1%) or northern (37.0%) regions, monthly family income NT\$30K~\$80K (USD\$1~\$2.5K) (56.1%), monthly family leisure expenses NT\$3K~\$10K (US\$0.1K~\$0.3K) (61.5%), book in advance (84.8%), travel as couple (29.9%) or with nuclear family members (27.2%), choose 2 bedroom (62.7%), internet as information channel (61.7%), automobile as means of transportation (73.1%), room with private bath (92.8%), non-package tour (62.1%), B&B located inside business district (51.3%).

Utilizing the exploratory factor analysis (EFA), the results indicate that the B&B's attribute consists of 6 dimensions. They were Service, Basic function, Architecture & interior design, Scenery & landscape, Destination accessibility and Convenient transportation with high KMO value (.915), significant Bartlett Test of Sphericity (6748.129, p=.000), and high explained variance (70.03%).

The dependent variable is the logarithm of room price per night actually paid to a B&B in YuChih County by a tourist visiting Sun-Moon-Lake National Scenic Area. We considered both qualitative and quantitative characteristics of B&B. The qualitative characteristics that may affect price are the 6 dimensions of B&B attributes, distance to county route 21. The quantitative characteristics include 4 dummy variables of location of B&B, room type, private bath, package tour of each B&B. A list of the dependent variable and all explanatory variables used in the research is presented in Table 2.

The B&B market were segmented by travel companion (Model A-1, A-2), leisure expense (Model B-1, B-2), and booking status (Model C-1, C-2). First of all, considering travel companion market segmentation, the findings revealed that both types of tourists are willing to pay similar amount to Scenery & landscape, however, couple or spouse only tourists are willing to pay significantly more to Architecture & interior design but not for their counterpart. Moreover, while noncouple or nonspouse only tourists are willing to pay significantly more for a B&B located inside the business district, the couple and spouse only tourist are willing to pay more for a B&B being away from County Route 21. In short, the couple or spouse only tourists appreciated more for B&B's aesthetic attributes and quiet environment, while the noncouple or nonspouse tourists cared beautiful scenery and outdoor setting more than the interior setting of a B&B, and prefer bustling air.

Secondly, considering family leisure expense segmentation, the finding revealed that tourists with higher leisure expenses are willing to pay more to Scenery & landscape than those with lower leisure expenses. In addition, tourists with lower leisure expenses are willing to pay more for a B&B being inside business district, but not for those with higher leisure expenses. In short, tourists with higher leisure expenses value more for B&B's aesthetic attributes, while those with lower leisure expenses prefer bustling air.

Lastly, considering booking status segmentation, the results show that tourists without prior booking are willing to pay significantly more for Scenery & landscape than those with prior booking. Moreover, tourists without prior booking are willing to pay more for a B&B located inside business district, but this is not the case for the tourists with prior booking. In short, tourists without prior booking value more for scenery and

Conclusions and Suggestions

In sum, tourists of different market segments value same B&B attribute differently. Generally speaking, tourists come as couple or spouse only, or have higher leisure budgets appreciate a B&B's aesthetic attributes more than those who come as noncouple or nonspouse only, or have lower leisure budgets. Tourists come as noncouple or nonspouse only or have lower leisure budgets, on contrary, appreciate a B&B being immersed in joyful bustling air than those come as couple or spouse only or have higher leisure expenses. Although most of the tourists tend to book a B&B in advance, the B&B with beautiful scenery and landscape which can easily be seen by drive-by tourists or sit within business district tend to have higher probably to attract the tourist without prior booking.

The findings suggests that if the target customers of a B&B's owner is couple or spouse only tourists, or high leisure budgets tourists, beside well functions and good service, he also need to provide excellent scenery or pleasant, beautiful, or stylish environment design. If the target customers of a B&B's owner is noncouple or nonspouse only tourists, or low leisure budgets tourists, beside well functions and good service, it would be a plus if he locate B&B inside business district for tourists to shop and to enjoy bustling night life.

Variable	Frequency	%	Variable	Frequency	%
Sex			Occupation		
Female	169	50.4	Professional	101	30.1
Male	166	49.6	Service	69	20.6
			Civil servant	36	10.7
Marriage			Student	26	7.8
Single	184	54.9	Housekeeping	21	6.3
Married	148	44.2	Retired or unemployed	13	3.9
Other	3	0.9	Other	69	20.6
Age			Monthly family income (NT\$)		
19-29	161	48.1	30,000 or less	57	17.0
30-39	102	30.4	30,001-50,000	108	32.2
40-49	50	14.9	50,001-80,000	70	20.9
50 or more	22	6.6	80,001-150,000	80	23.9
			150,001 or more	20	6.0
Level of education			Monthly family leisure expenses (NT\$)		
High-school	58	17.3	3,000 or less	71	21.2
Undergraduate	202	60.3	3,001-5,000	117	34.9
Graduate	75	22.4	5,001-10,000	89	26.9
			10,001-20,000	38	11.3
Residence			20,001 or more	20	6.0
Northern region	124	37.0			
Central region	141	42.1			
Southern region	67	20.0			
Eastern region or Other	3	0.9			
Prior booking			Information channel		
Yes	284	84.8	Internet	207	61.7
No	51	15.2	Word-of-mouth	61	18.2
Travel companion			Books/magazine	15	4.5
Couple	100	29.9	Drive through	29	8.7
Spouse	36	10.7	Other	23	6.9
Spouse & kids	55	16.5	Means of transportation		
Extended family	44	13.1	Automobile	245	73.1
Friend	50	14.9	Motorcycle	28	8.4
Student/Colleague	46	13.7	Tour bus	23	6.9
Self	4	1.2	Other	39	11.6
Room type			Business district		
2 bedroom	210	62.7	Inside	172	51.3
4 bedroom	125	37.3	Outside	163	48.7
Bath			Distance to county route 21		
Room w/out bath	24	7.2	150m or less	155	46.3
Room with bath	311	92.8	150-300m	69	20.6
Package tour			300-700m	58	17.3
Yes	127	37.9	700-3,000m	34	10.1
No	208	62.1	3,000-7,000m	19	5.7

Preference for B&B's attributes	Factor loading	Preference for B&B's attributes	Factor loading
NONAESTHETIC ATTRIBUTES		705 respect to customer	733
BASIC FUNCTION		704 efficiency	717
605 facility & equipment in	851	701 feel-at-home	623
bathroom		CONVENIENT TRANSPORTATION	
604 appliance's inside the room	800	101 clear signpost along the way	868
603 furnishings inside the room	798	102 convenient transportation	715
606 bathroom consumables	749	AESTHETICS ATTRIBUTES	
602 neatness	703	ARCHITECTURE & INTERIOR DESIGN	
601 cleanliness	655	302 uniqueness of building appearance	854
DESTINATION ACCESSIBILITY		303 beautifulness of entrance design	825
105 convenient to nearby destinations	854	301 beautifulness of building appearance	805
104 convenient to planned destinations	834	305 ambience of interior space	613
103 convenient to park vehicles	546	LANDSCAPE DESIGN & SCENERY	
SERVICE		202 scenery viewed from outside the room	887
501 kindness	872	201 scenery viewed from inside the room	821
503 consideration	828	room	
703 sincerity	812	203 quiet and pleasant environment	644
502 humanity self-cultivation	746		

N=335, Cronbach's α =.780, KMO=.913, Bartlett significance test: $\chi^2(300, N=335)=6454.377 > p < .000$ - Principle component analysis with orthogonal rotation.

Variable	Description	Mean	SD	Type of variable/attribute
Dependent variable				
Ln(Price\$)	Natural logarithm of room price per night actually paid	8.13	.418	Continuous
Explanatory variables				
Nonaesthetic attributes				
Service	Dimension of service	-.01	.0956	Continuous
Basic function	Dimension of basic function	.00	.983	Continuous
Convenient transportation	Dimension of transportation convenience	-.04	1.077	Continuous
Destination accessibility	Dimension of destination convenience	.02	.997	Continuous
Business district	B&B located within ShuiSheh or DerHuaSheh business district (1=yes; 0=no)	.56	.498	Dummy
Aesthetic attributes				
Architecture & interior design	Dimension of space design	-.01	.986	Continuous
Landscape design & scenery	Dimension of landscape & environment	.07	.976	Continuous
Controlling variables				
Room w/ private bath	Room with private bath (1=yes; 0=no)	.95	.228	Dummy
Distance	Distance to County Route 21	700.68	1389.565	Interval
2 bedroom	2 bedroom (1=2 bedroom; 0=4 bedroom)	.58	.496	Dummy
Package tour	Package tour (1=yes; 0=no)	.35	.478	Dummy

Dependent variable Ln(Price\$)	Model A-1: Couple or spouse only			Model A-2: Noncouple or nonspouse only		
	Unstandardized coefficient	Standardized coefficient	p-value	Unstandardized coefficient	Standardized coefficient	p-value
Nonaesthetic Attributes						
Basic function	-.014	-.030	712	.023	.056	388
Convenient transportation	-.014	-.029	726	.025	.062	342
Destination accessibility	-.021	-.046	578	-.016	-.038	547
Service	-.068	-.132	119	-.041	-.106	103
Business district	.097	.102	262	.177	.219	.002**
Aesthetic Attributes						
Architecture & interior design	.095	.172	.033*	.038	.103	.110
Landscape design & scenery	.099	.210	.012*	.093	.231	.000***
Controlling Variable						
Room w/ private bath	.327	.143	.090	.050	.036	.589
Distance	.000	.219	.020*	.000	.052	.457
2 bedroom	-.264	-.153	.068	-.236	-.115	.000***
Package tour	.234	.347	.000***	.058	.069	.291
(Constant)	(7.666)	—	.000	(8.007)	—	.000
F value	3.506			5.765		
Adjusted R ²	.170			.209		
Number of observations	136			199		
%	40.6%			59.4%		

Dependent variable Ln(Price\$)	Model B-1: Family leisure expenses > \$5,000 NTD per month			Model B-2: Family leisure expenses < \$5,000 NTD per month		
	Unstandardized coefficient	Standardized coefficient	p-value	Unstandardized coefficient	Standardized coefficient	p-value
Nonaesthetic Attributes						
Basic function	.004	.009	898	-.003	-.007	922
Convenient transportation	-.006	-.016	833	.042	.090	190
Destination accessibility	.064	.152	.054	-.078	-.183	.008**
Service	-.063	-.143	.065	-.072	-.172	.014
Business district	.078	.093	.279	.153	.177	.020*
Aesthetic Attributes						
Architecture & interior design	.048	.112	.129	.055	.130	.055
Scenery & landscape	.119	.278	.000***	.084	.199	.004**
Controlling Variable						
Room w/ private bath	-.071	-.039	.607	.134	.087	.215
Distance	.000	.138	.099	.000	.061	.414
2 bedroom	-.222	-.263	.000***	-.197	-.216	.002**
Package tour	.264	.302	.000***	.100	.113	.109
(Constant)	(8.147)	—	.000	(7.829)	—	.000
F value	4.940			4.760		
Adjusted R ²	.229			.181		
Number of observations	147			188		
%	43.9%			56.1%		

Dependent variable Ln(Price\$)	Model C-1: With prior booking			Model C-2: Without prior booking		
	Unstandardized coefficient	Standardized coefficient	p-value	Unstandardized coefficient	Standardized coefficient	p-value
Nonaesthetic Attributes						
Basic function	-.022	-.049	374	.037	.086	524
Convenient transportation	.008	.019	734	.066	.140	261
Destination accessibility	-.017	-.042	444	.059	.104	403
Service	-.056	-.134	.018	-.113	-.213	.120
Business district	.085	.101	697	.406	.383	.007**
Aesthetic Attributes						
Architecture & interior design	.045	.108	.051	.041	.076	.550
Landscape design & scenery	.068	.161	.004**	.252	.498	.000***
Controlling Variable						
Room w/ private bath	.128	.080	.156	-.053	-.025	.832
Distance	.000	.111	.075	.000	.223	.107
2 bedroom	-.234	-.271	.000***	-.230	-.214	.083
Package tour	.169	.197	.001***	.221	.199	.116
(Constant)	(7.913)	—	.000	(7.896)	—	.000
F value	5.762			4.281		
Adjusted R ²	.156			.419		
Number of observations	284			51		
%	84.8%			15.2%		

