

Enriching the Hostel Customer Behavioral Study

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Abstract

The extant literature review is abundantly rich with how customers perceive and respond attitudinally, behaviorally and emotionally to their hotel experiences. It is, nevertheless, not so fortunate in the hostel context. In closing this gap this study employs the theoretical concept of stimulus-organism-response (SOR). The 250 valid responses of the questionnaire survey were used to operate the structural equation modeling (SEM) analysis. The SOR concept was developed using a mix of literature review and interviews. The latter contributes, in particular, when there is a lack of information, and has prompted the study to focus on the stimulation variables involving service operations (both tangible and intangible aspects), the social engagement environment (which is a differentiating feature of hostels), and hostel brand to influence the value and hostel brand image perceptions of the customers, which in turn, influence how they would engage in social media and as loyal customers.

Keywords: Brand Image; Hostel; Social Media Engagement; Stimuli-Organism-Response

Introduction

Tourism is a significant sector contributing to over 17% of Thai national GDP, estimated to THB 2.5 trillion for the domestic economy, which benefits various stakeholders i.e., the tourism and hospitality value chains, and the manufacturing of products that cater to the needs of the tourists (Kungsri Research, 2017). Along with tourism is the increasing of accommodation demand. Thailand has been seeing the number of foreign tourists jumped from 15.9 million in 2010 to 38.3 million in 2018, and that also causes the hostel sector to experience skyrocketing growth of 32% in bed inventory, amounting to 63,632 beds in 1,766 properties across Southeast Asia, and with the most numbers of hostel beds in Thailand. Specifically, Thailand has a 42% share of the hostel industry in Southeast Asia (Hotelworks, 2018). Hostel sector is generally acknowledged to serve the low-cost segments whereby the travelers prefer to save traveling cost so that their trip journeys can be extended longer (Hostelworldgroup, 2019).

There are actually some unique features that hostels offer, and are significantly different from what the hotels generally offer, and these problems are negligibly addressed and reported in the extant literature. For instance, Timothy and Teye (2009) articulate and stress that “social atmosphere space” is something logically important for the hostel sector but it is lacking of empirical test; they further note that “associating with a wide array of global travelers is part of the assortment of products and experience of hosteling. Stories are shared, photographs exchanged, recommendations made for other voyage destinations, and in some cases, romances are kindled”. With this friendship-making motivation, social engagement is reckoned as an important motivator and something the hostel sector should actively stimulate. Beside social atmosphere and spaces, there are other aspects such as customer experiences towards the services of the hostel staying, and in relation to the perceived images of hostel in the eyes of the customers, and the function of social-media blogs, are also not easily found in the extant literature associated with Scencedirect.com and Emerald databases.

Meanwhile, a desktop-based SWOT analysis provides a sketch of both internal and external environmental landscape of the hostel sector: (1) Strength – The hostels offer numerous apparent benefits over other modes of accommodation, and the significant ones are inexpensiveness and social atmosphere of the hostels. Thus, hostels offer values for certain price-sensitive and social-preference types of customer segments. (2) Weakness – Thailand’s skilled workforces are at low proportion when compared to other ASEAN countries, and this further puts the pressure for the hostel sector to recruit skillful employees. Though high skills are not needed in the hostel industry, the employees must be equipped with empathic and service-oriented attitude, mainly driven by the hostel sector in “heterogeneity” nature, in that “no two customers are precisely alike” (Zeithaml, and Bitner, 1996), which requires the employees to be able to react professionally to various customer needs. (3) Opportunity – Thailand as a tourism destination has offered the hostel industry abundant opportunistic and creative spaces for more hostel development in the nation to include more beds and services. (4) Threat – Threats of potential new entrants are high because hostel businesses are low investment in nature when compared to hotel alternatives, and regulation is not complex.

Judging by the significant weightage of hostels played in the accommodation industry and the lack of empirical and conceptual research, an urgent research is needed. A SWOT landscape sheds light towards the practical function of adapting a Stimulus-Organism-Response (S-O-R) paradigm, such as by considering the social factor, services, and value perceptions. Thus, the following research objective is targeted:

The purpose of the research is to conceptualize and statistically validate a proper model to be able to describe the customers’ behavioral dynamics of their experiences staying in hostels in both Chiang Rai and Chiang Mai. Specifically, this research is designed to investigate the effects of stimuli (S), consisting of the factors that the hostel should emphasize, on the customers’ internal or organismic states (O), which further contributes to customer loyalty and the disposition to engage and share their staying experiences on social media.

Literature Review

As stated in the purpose statement, S-O-R (Stimulus-Organism-Response) model is adapted, which serves both theoretical and practical purposes. S-O-R is the seminal conceptualization of Mehrabian and Russell (1974). The model is simple, and by realizing what factors are important to please the actual and emotional needs of customers, i.e. novelty, or things critically important for hostel context, the hostel managements can suggest what they should emphasize in order to create favorable responses of the customers. Theoretically, the empirically validated research provides a valid mechanism to explain hostel customer behaviors with valid explanatory power. The design and implementation of the S-O-R mechanisms adapt the insights derived from the environmental psychology, which offers an exploratory perspective on customer behavior with regard to hostel environmental effect (Tiu, Newman & Dennis, 2000). Thus, S-O-R is a loyalty formation process. The response can be conative (intentional return to use the hostel service in the next visit), cognitive (thinking that hostel offers better services when compared to others), affectively (a deeper sense of affective response), and action loyalty (actual repurchase) (Han, Kim, & Kim) in nature. In short, the stimulating qualities and factors will cause customers to approach the offer or avoid the offer in the next occasion.

The S-O-R, which puts the internal or organistic states of the customers as the mediator, illuminates an example of instrumental or operant conditioning creatively, in that customers respond positively through being rewarded for their behaviors; that is, the customers are satisfied with their choice selecting the hostel in the first place. In short, satisfied customers reinforce their choice behavior (loyalty) and unsatisfied customers lead to turning away. The following hypothesis reflects the instrumental or the operant conditioning aspect of the S-O-R, namely:

H: Customer satisfaction positively influences customer loyalty.

For in-depth discussion on instrumental or operant conditioning, one is suggested to review Skinner (1938). In general, we define satisfaction as the customer's total assessment of their experiences with the hostel, adapting Crosby, Evans & Cowles (1990). For loyalty, it is referred as a "deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future" (Oliver, 1999), so the hostel can earn a share of the customer's wallet.

S-O-R model can also be understood by adapting computer analogy or metaphor (Eysenck & Keane, 2000), which acknowledges processing the information or messages received from how the hostels intend or attempt to stimulate the emotional and behavioral responses of the customers. In this way, "O" should depict the information-processing output, and of relevancy is how customers perceive of the values received (CVP, Customer Value Proposition), the overall assessment of how satisfied they are with the services, and the images formed. CVP reflects the perceptions of the hostel customers with respect to the values the hostel proposed, which according to some preferential theory and the nature of active wants, the nature of CVP could of economic reasons, functional reasons, emotional reasons, or/and social reasons (Holbrook, Lehmann & O'Shaughnessy, 1986). Functional value is one of the topics in the early work of consumer behavioral study, and explains the property of a good or service that is capable to satisfy customer needs (Salvatore, 1980). By focusing on the cognitive organism, apart from the satisfactory state of the customers, it reinforces that the stimuli are processed both cognitively and affectively for the changed response to occur. Nevertheless,

based on Zajonc (1984), there is the possibility that the affective evaluation of stimuli, which results in customer satisfaction, can occur independently of cognitive processes which intercept and process the information in terms of CVP and brand image formation. Thus, two additional hypotheses take the shape in the S-O-R context:

H: In a hostel context, the stimuli, which describes the service operations, the social engagement environment, and the external brand image perceived from the social media, do positively influence both CVP and hostel brand perception.

H: Both CVP and the hostel brand perception (the internally formed through customer experiences) positively influence customer satisfaction.

The conceptual factor, exemplified by the external brand image explicitly formed from social media, extends the inactiveness of customers to activeness (Moital, 2007), which treats the customers as “information processor” (Ribeaux & Poppleton, 1978), taking into consideration of the environmental and social stimuli as information inputs aiding internal decision making of the customers (Stewart, 1994). The theoretical support for inclusion of external brand image of hostel is also indicated in Table 1.

The inclusion of hostel brand perception signifies the role played by customer experiences and the creation of memory of the unique experiences of the hostel accommodation stay. Image formed is important as it directly contributes to enhancing brand recognition, leading to brand loyalty (Dirsehan & Kurtuluş, 2018; Huang & Liu, 2018). In addition, the externally sourced brand image from the social media has the ability to reduce risk perception of the customers (Kim & Lennon, 2010), particularly the purchase provides no avenue for product and service testing.

Table 1: The Early S-O-R and Modern Theory of S-O-R

Early S-O-R	Modern Theory of S-O-R
Suggests a linear relationship of S-O-R, taking an inactive organism state (Eysenck & Keane, 2000).	Acknowledges active organism, incorporating the past experiences of the customers to influence information-processing of stimuli; thus, in a way, information processing is both stimulus-driven and concept driven (Moital, 2007), hierarchical in nature (Tan, 2018; Tan, Phakeephirot & Sereewichayaswat, 2019), and should be more inclusive of other theories i.e., theory of planned behavior (Tan, 2019a,b).

In the above stated hypotheses, apart from the hostel operations quality and pricing, which is within the control and commitment of the hostel, the social engagement environment is equally important, particularly in the hostel context.

Two ultimate responses are considered in this research, namely customer loyalty and in terms of social media engagement. Customer loyalty is an important target of the hostel management as it indicates the success of the hostel operations. Thus, researchers have attempted to elucidate the factors that influence loyalty (Jani & Heesup, 2015), and this research exploits the S-O-R paradigm to provide a conceptualization platform to help

researchers explain and present evidence pertaining to locating the effective stimulating effects on hostel customers' internal states (Vieira, 2013).

Within the Social Exchange Theory (SET), customer behaviors are related to, interdependent on, and contingent upon the actions of another person (Cropanzano & Mitchell, 2005), through social engagement at the social compound and facility provided by the hostel. In today's social media-era (Tan & Isariyah, 2018), achieving customer engagement with social media has become a concept of increased relevance in recent marketing literature and as a novel approach to translate and implement customer value proposition (Gligor, Bozkurt & Russo, 2019). Kalan and Haenlein (2010) define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated content".

It was demonstrated and empirically tested in Tan and Isariyah (2018) that when customers are more loyal, they are more attuned to participate actively in social media, such as telling the stories, which serves empathetic and agentic role to tell what they experience to others so that others would not fail to anticipate the unexpected. Thus, without considering social media engagement, in today's social media-era, it would make the study of consumer behaviors incomplete (Gomez, Lopez & Molina, 2019).

The S-O-R model that has been articulated so far can provide important insights to the hostel management and the researchers to help them understand the mental structures and processes that mediate between stimulus and response (Kihlstrom, 1987).

The theoretical S-O-R model, which summarizes and integrates the hypotheses stated previously, is concluded in Fig, 1, and the hypotheses are presented now sequentially as follows:

H1: There is a positive interrelationship between the various aspects of the stimuli, namely service operations objectives reflected by the service quality and cost perception, the social engagement environment, and the external brand perception.

H2: Stimuli positively influences the organism. The organism is consisted of CVP, hostel brand perception (named as the internal brand image, formed through customer experiences, and not extracted from the external media), and customer satisfaction.

H3: CVP positively influences hostel brand (the internal).

H4: Both CVP and the hostel brand (the internal) positively influence customer satisfaction.

H5: Both customer satisfaction and CVP can significantly explain the variance of customer loyalty.

H6: CVP positively influences social media engagement.

H7: Customer loyalty positively influences social media engagement.

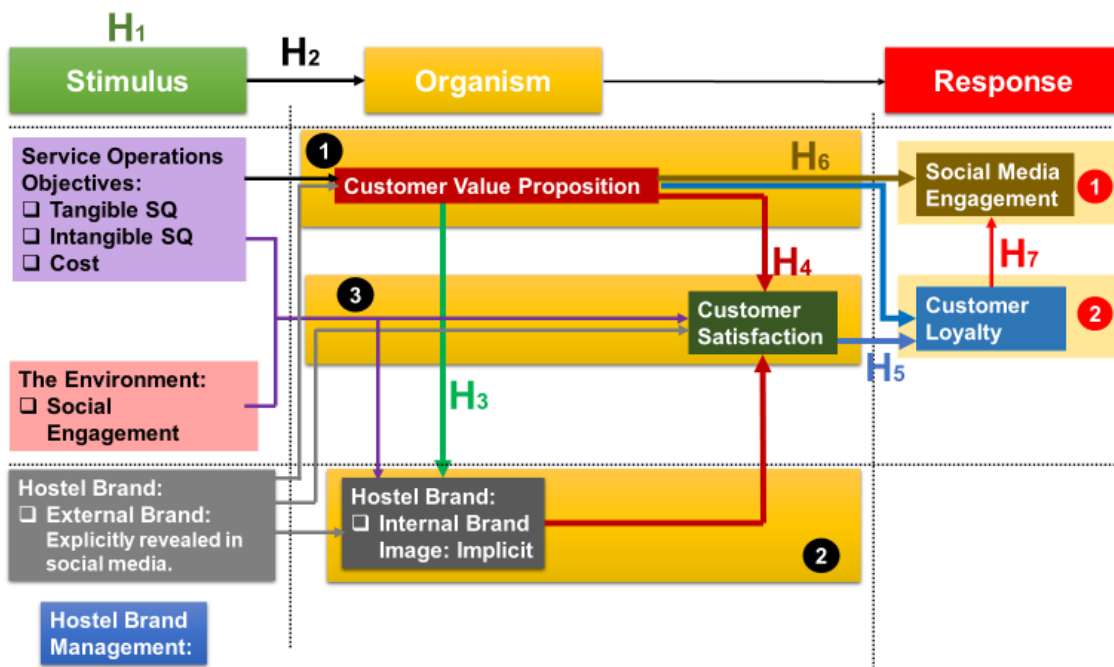


Fig. 1: The Theoretical S-O-R Model Proposed to Study Hostel

Research Method

Samples and Data Collection

This research targeted the city-bound hostels, located in Chiang Mai and Chiang Rai, with the name lists sourced from Hostelworld.com. The sample and population profiles are given in Table 2. Given the qualified 33 hostels in Chiang Rai and 93 hostels in Chiang Mai, 12 in Chiang Rai and 22 in Chiang Mai agreed to participate in the survey. The low rate of response was partly attributed to low season at the time of data collection – September to October 2019. 770 questionnaires were distributed. To attract the customers to participate, we provided them with a small token of cultural gift which costed about 12,320 Baht, and the gifts together with the questionnaires were managed by the hostel managers. Due to low season, the data collection took about two months, and collected 260 surveys, and ten of them were exempted from statistical analysis due to various missing questions. The response rate is 30%, which according to Baruch and Holtom (2008), a non- self-administered survey will typically have as low as 30% of response rate.

Table 2: Targeted Population and Sampling

Targeted population		
Targeted area	Chiang Rai	Chiang Mai
Existing hostel	43	113
Closed Hostel during low season	10	20
Available Hostel	33	93
Sampling/Participated		
Hostels willing to participate	12	22
Distributed questionnaires	270	500
Collected questionnaires	70	190
	Total	= 260
	Valid questionnaires	= 250
	Invalid questionnaires	= 10

Measurement Instrument

The measurement instrument is designed in consideration to meet stringent validity and reliability assurance criteria, which reviewed the construct definitions and ensured phrases and statements of questionnaire items reflecting the hostel environment. The pilot-tested phase involved seeking the opinions of two subject experts: one with rich publication experiences, and another with knowledge in service marketing and hospitality. The questionnaires have two parts.

The first part requested the hostel customers to provide their demographic profiles and some general inform, which offers a spectrum of practical insights that can be used to imply improvement strategies for hostel management. The variables include gender, nationality, age, occupation, marital, booking in advance, duration of stay, room type, daily rate, frequency of stay, character or trait of the customers, unique theme, low-cost and independent travel, alternative attitude of staying in hotel instead, social media reliance, purpose of trip, accompaniment, and travel plan.

Part 2 surveys the theoretical constructs: a total of 48 items. The questionnaire items are discussed, along with evidences to support validity and reliability requirements, in the “Result and Discussion” section.

Statistical Testing

Hypotheses testing and the detailed spectrum of statistical analysis were completed using both AMOS-based SEM (Structural Equation Modeling) analysis and SPSS-based statistical analysis. Methods used to assist the assessment of validity and reliability involve using factor reduction, correlations, and reliability checks. Minimum reliability threshold is targeted at 0.70 (Nunnally, 1978). The SEM fitness test criteria are comprehensively discussed in Hair, Black, Babin and Anderson (2014).

Result and Discussion

The statistics analyses were based on the 250 guests staying in the city bounded hostels in Chiang Mai and Chiang Rai. Males and female customers are quite equally distributed: The female guests at 59.6%. Among them, European at 46.8%, Thai at 16.8% and North American at 12.8%. Age wise, 25-34 years old at 44%, and 26.4% of the respondents are students. Furthermore, 84.8 % are single, and among them, 66.4% booked 1-2 weeks before checked into the hostel, 36.8% stays for three nights to a week, chose mixed dorm at 41.6%, and 61.6% spent 100 to 400 Baht per bed per night, and 72.4% checked into the hostel for the first time.

Interestingly, 72.8% of the respondents are extrovert in personality trait, connoting a skewed preference towards social interactions.

Among the respondents, 54% purported the trip for travelling, accompanied by friends at 62 %, and their travel plans are flexible, at 80.8%. Another important demographic variable is that 89.6% consider themselves as low-cost and independent travelers, relying on social media for decision making at 86%, and 63.6% responded that they would also choose hotel instead of hostel if price is comparable.

Result of Validity, Reliability Assessments and Measurement Instrument

Prior to SEM model fitness tests, the measurement instrument must be properly assessed. Factor loading, as shown in Table 3, proves of exceeding the 0.7 threshold, with reliability index determined by Cronbach Alpha, also more than the threshold requirement, 0.7.

Table 3: Measurement Instrument

Construct	Items	Alpha	Factor loading	Mean	Std. Dev.
Cost	The hostel provides special offers.	0.70	0.73	3.78	0.93
	The hostel price is cheap, which can save cost of travelling.		0.81	4.03	0.93
	The hostel has well-informed price prior to the purchasing with no additional charges.		0.82	4.29	0.89
Reliability	The hostel service is considered very reliable.	0.91	0.92	4.24	0.90
	The hostel reservation system is reliable.		0.92	4.30	0.88
Responsive	Staffs are able to accurately answer the customer questions.	0.82	0.92	4.40	0.90
	Hostel's check-in and check-out procedures are fast and efficient.		0.88	4.34	0.94
	Staffs of the hostel are never too busy to respond to my requests.		0.87	4.25	0.96
Assurance	Hostel quickly responses to customers upon request, such as through email or social media.	0.90	0.83	4.16	0.99
	Staffs understand my requests and able to respond appropriately.		0.94	4.26	0.94
	Staffs are able to provide city information and recommend attractive places.		0.91	4.32	0.87
Empathy	Staffs are knowledgeable of the services offered by the hostel	0.89	0.90	4.35	0.91
	Staffs always provide the service with smile and kindness.		0.90	4.48	0.84
Tangible	Staffs look after customer like a family.	0.89	0.92	4.22	0.95
	Hostel is willing to offer additional services or assistance.		0.90	4.26	0.89
	The hostel has a variety of facilities i.e. laundries, Wi-Fi to cater for our daily needs.		0.91	4.21	0.96
Social engagement	Rooms and bathrooms are clean.	0.81	0.89	4.23	0.97
	The hostel has high security which has security personnel, fire alarm-system and CCTV.		0.89	3.92	1.06
	Hostel provides social spaces, whereby customers can socialize among each other and do some activities together such as pools, game machine or board game.		0.84	3.80	1.15
	Hostel provides social activities, such as cooking class, yoga etc.		0.81	3.16	1.23
Functional value	Hostel allows you to meet up a new friend, which support you to better understand cross-cultural differences and similarities.	0.70	0.91	3.73	1.13
	The hostel makes we relaxed from the quality of service.		0.86	4.19	0.91
	The hostel room is very quiet and gives comfortable sleep.		0.79	3.98	0.97
Emotional value	The hostel location is convenient which is close to the city.	0.93	0.80	4.34	0.77
	The time spent at the hostel is truly enjoyable		0.94	4.12	0.96
	The atmosphere of the hostel makes my staying with a sense of joy.		0.96	4.09	0.99
Economic value	I feel like being at home while staying at the hostel	0.84	0.91	3.83	1.08
	The hostel provides good accommodation that is worth its price.		0.85	4.26	0.87
	The food and beverages served at the hostel are worth of its price.		0.85	3.96	1.09
	The customers can use all facilities and access the hostel services which are worth.		0.92	4.17	0.94
	Understand different multi-cultures better.	0.93	0.94	3.76	1.02

Construct	Items	Alpha	Factor loading	Mean	Std. Dev.
Social value	Enhance empathy towards other culture.		0.95	3.80	1.00
	Improve my interpersonal relations (with others).		0.93	3.80	1.01
External brand image	This hostel has media advertising on online social media such as reviews from Trip Advisor, Travel Bloggers, Pan tip etc.		0.90	4.10	0.94
	From the external sources, this hostel is attractive.	0.89	0.90	4.15	0.98
	From the external sources, this hostel is responsive to consumers.		0.92	4.28	0.87
Internal brand image	From my experience, this hostel is well managed.		0.92	4.22	0.96
	From my experience, this hostel has good employees.	0.93	0.95	4.36	0.90
	From my experience, this hostel is customer focused.		0.95	4.30	0.94
Customer satisfaction	Overall, this hostel fulfils many important needs e.g. Beds, Wi-Fi.		0.92	4.32	0.86
	Staying at this hostel is the right choice for me.	0.93	0.96	4.27	0.95
	Overall, I am really satisfied with this hostel.		0.93	4.31	0.94
Customer loyalty	I am likely to return to this hostel in the future if there is opportunity arises in the future.		0.92	4.04	1.15
	I feel emotionally attached to this hostel.	0.90	0.89	3.47	1.26
	I will recommend this hostel to my relatives and friends.		0.93	4.07	1.14
Social media engagement	I would share the positive things that I experience at this hostel in my social media.		0.91	3.45	1.38
	I would post pictures that I experience at this hostel in my social media.	0.83	0.92	3.24	1.40
	I would provide good rating to available platforms, such as TripAdvisor, Agoda, etc. about this hostel.		0.75	4.00	1.14

The factor reduction shows the unitary nature of the constructs, with the total variance explained (TVE) in exceeding the 0.60 minimum threshold, as reported in Table 4.

Table 4: Mean, Convergent and Divergent Validity, and Reliability

	Mean	Std. Dev.	Alpha	KMO	TVE	\sqrt{TVE}
Cost	4.03	0.73	0.70	0.65	0.62	0.79
Reliability	4.32	0.82	0.91	0.76	0.84	0.92
Responsive	4.25	0.83	0.82	0.71	0.74	0.86
Assurance	4.31	0.83	0.90	0.74	0.84	0.92
Empathy	4.32	0.81	0.89	0.74	0.82	0.91
Tangible	4.12	0.90	0.89	0.74	0.82	0.90
Social Engagement	3.56	1.00	0.81	0.67	0.73	0.85
Functional Value	4.17	0.72	0.70	0.67	0.66	0.81
Emotional Value	4.01	0.94	0.93	0.74	0.88	0.94
Economic Value	4.13	0.85	0.84	0.68	0.76	0.87
Social Value	3.79	0.95	0.93	0.76	0.88	0.94
External Image	4.29	0.88	0.89	0.75	0.82	0.91
Internal Image	4.23	0.78	0.93	0.76	0.88	0.94
Satisfaction	4.30	0.86	0.93	0.72	0.87	0.93
Loyalty	3.86	1.08	0.90	0.74	0.84	0.91
Social Media Engagement	3.56	1.13	0.83	0.65	0.74	0.86

Correlations Coefficients are significant at the 0.01 level (2-tailed) **

Also, as shown in Table 5, discriminant validities of the different constructs are robustly secured, as evidenced by the square root of TVE (Total Variance Explained), in the diagonal, more than the cross-correlations coefficients.

Table 5: Mean, Convergent and Divergent Validity, and Reliability

	Construct															
	Cost	Reliability	Responsive	Assurance	Empathy	Tangible	Social Engagement	Functional Value	Emotional Value	Economic Value	Social Value	External Image	Internal Image	Satisfaction	Loyalty	Social Media Engagement
V1	0.79															
V2	0.68	0.92														
V3	0.62	0.8	0.86													
V4	0.55	0.73	0.73	0.92												
V5	0.55	0.7	0.68	0.72	0.91											
V6	0.46	0.7	0.67	0.62	0.65	0.90										
V7	0.31	0.4	0.36	0.35	0.39	0.58	0.85									
V8	0.49	0.72	0.67	0.66	0.59	0.68	0.54	0.81								
V9	0.47	0.63	0.61	0.54	0.55	0.74	0.58	0.75	0.94							
V10	0.57	0.71	0.63	0.59	0.63	0.69	0.47	0.68	0.66	0.87						
V11	0.38	0.4	0.42	0.34	0.44	0.55	0.66	0.56	0.64	0.56	0.94					
V12	0.5	0.6	0.65	0.63	0.55	0.66	0.49	0.67	0.69	0.63	0.5	0.91				
V13	0.58	0.77	0.72	0.67	0.71	0.7	0.43	0.69	0.67	0.69	0.47	0.65	0.94			
V14	0.51	0.69	0.69	0.6	0.61	0.77	0.56	0.74	0.77	0.68	0.55	0.74	0.78	0.93		
V15	0.43	0.52	0.52	0.46	0.53	0.65	0.55	0.67	0.8	0.56	0.59	0.62	0.66	0.78	0.91	
V16	0.32	0.34	0.33	0.33	0.36	0.47	0.46	0.5	0.62	0.45	0.48	0.5	0.48	0.58	0.73	0.86

V1 = Cost, V2= Reliability, V3= Responsive, V4= Assurance, V5= Empathy, V6=Tangible, V7= Social Engagement, V8= Functional Value, V9= Economic Value, V10= Emotional Value, V11= Social Value, V12= External Image, V13= Internal Image, V14= Customer Satisfaction, V15= Customer Loyalty, V16= Social Media Engagement.

Comparative Study

The color-coded cells of Table 6 highlight the areas of significant differences, revealed by means of either analysis of variance (ANOVA) or t-test. The following illuminates the areas of significant differences:

- Male in general has means value more than the female, but are not to the level of statistical significance.
- Nationality wise, the Asian groups show significantly lower perceptual level on hostel service qualities, in aspects of reliability, responsiveness and tangible, as well as social engagement, leading to lower CVP, especially significant on the economic value. The external image projected to the Asian group is also relatively lower than the other nationalities.
- On the occupational aspect, social engagement of the student groups is the lowest among the other, while the business owner has the highest level. The similar trend is also shown in the “response” side indicated in social media engagement, which explains the dispositional tendency to post pictures experienced at the hostel to social media platform.

- The single-group perceives significantly higher that the hostel price is cheap, and that the hostel has well-informed price, which signifies a higher level of price-sensitivity, and also shows higher perceptions on other aspects of service qualities, particularly with respect to “responsiveness”. The single-group perceives favorable hostel image, of both received from the social media and their own experiences.
- Those booked the hostel in the shortest advance, within 1-2 weeks, show higher level of perceptual agreements with all the constructs studied, and thus, the model dynamics should be strategically maintained and promoted for this group of customers. The similar trend is exhibited also for those staying one-night as compared to longer-duration stays, partly attributable to the exhaustion of the experiences with the services provided by the hostel. The hostels would need to be more innovative and service conscious in order to service the groups of longer-duration stays.
- The same-sex group has shown favorable perceptions on all constructs studied, and the private-room customers think the other ways. Thus, it is important the hostel owners start to identify them for further investment in order to stimulate their experiences in more active way.
- Price wise, 100-400 Baht per-bed day shows high level perceptual responses on all the constructs studied, but gradually wear off when daily rates increase. Thus, it is important the hostels pay a close attention to how their customers perceive pricing and the relevancies of other factors in order to yield at an optimal level.
- First-timers are shown to reflect higher level of emotional value received, leading to also higher loyalty value. The hostels should actively target them and exploit their emotional characteristics.
- Hotels of unique themes should also be stressed actively as they can significantly induce higher level of perceptual experiences in the stimulation, organism and response aspects, which is important in driving up the performance of the hostel.
- On average, the non “low-cost and independent travel” group shows higher level of perceptions of the constructs studied, particularly with responsiveness and assurance, implying higher level of emphasizes the service providers to respond quickly in professional manner, which reflects the higher level of price they are willing to pay.
- Reading the signal from the “Alternative attitude (Hotel instead of Hostel)”, it indicates the existence of stickiness – that is, there is a group of customers preferring hostels to hotels.
- Although on average, the customers who rely on social media show higher level of perceptions on the constructs studied, but the only significant one is that of “reliability”, partly they have glanced across the social media, and their choices signify a better choice. This is an important message which has been not easily revealed in the extant publications.
- No significant differences are found on the different purposive groups, i.e. for travel, holiday, business, visiting friends, and MICE, which eases up the budgetary burdens for this segmentation need.
- Those who travel alone have higher level of perceptions of the constructs studied, when compared to staying with friends. The hostels should actively aim to promote more active experiences for shared partnership situations.
- Those with relatively fixed travel plan are significantly more loyal and tend to engage socially in sharing the experiences of the hostel with others on social media, and the hostel should actively promote this group and embark them as brand ambassadorship.

Frequency of staying	first time	181	72.4	4.05	4.34	4.26	4.32	4.25	4.13	4.29	4.26	3.51	4.15	3.93	4.16	3.72	3.99	4.14	4.29	4.22	4.29	4.29	3.77	3.51
	once or more	69	27.6	3.99	4.27	4.23	4.29	4.49	4.10	4.32	4.27	3.70	4.22	4.23	4.07	3.98	4.12	4.28	4.29	4.28	4.32	4.11	3.70	
	Sig. (2-tailed)			0.04									0.03									0.02		
Character/ trait	Extrovert:	182	72.8	4.07	4.38	4.25	4.34	4.32	4.16	4.32	4.29	3.59	4.20	4.07	4.18	3.83	4.07	4.23	4.29	4.26	4.33	3.91	3.63	
	Introvert:	68	27.2	3.93	4.14	4.24	4.24	4.31	4.00	4.23	4.18	3.50	4.09	3.84	4.01	3.69	3.91	4.03	4.29	4.16	4.22	3.73	3.38	
Unique theme	Yes	158	63.2	4.07	4.39	4.33	4.36	4.35	4.24	4.36	4.33	3.74	4.31	4.22	4.23	3.99	4.19	4.30	4.40	4.35	4.46	4.14	3.92	
	No	92	36.8	3.97	4.18	4.11	4.23	4.27	3.91	4.20	4.14	3.26	3.92	3.66	3.96	3.43	3.74	3.97	4.11	4.04	4.02	3.38	2.95	
	Sig. (2-tailed)				0.05	0.04			0.01		0.04	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	
low-cost and independ	Yes	224	89.6	4.02	4.30	4.20	4.28	4.31	4.10	4.27	4.24	3.58	4.15	4.01	4.13	3.82	4.03	4.15	4.27	4.21	4.29	3.87	3.54	
	No	26	10.4	4.12	4.44	4.63	4.63	4.42	4.27	4.53	4.48	3.37	4.31	4.00	4.14	3.47	3.98	4.39	4.45	4.42	4.36	3.75	3.77	
	Sig. (2-tailed)				0.01	0.04																		
Hotel instead Hostel	Yes	159	63.6	4.01	4.21	4.12	4.20	4.23	4.01	4.19	4.15	3.46	4.10	3.88	4.10	3.70	3.94	4.07	4.15	4.11	4.19	3.74	3.54	
	No	91	36.4	4.07	4.51	4.47	4.51	4.47	4.30	4.49	4.45	3.74	4.30	4.24	4.19	3.95	4.17	4.37	4.54	4.45	4.49	4.08	3.59	
	Sig. (2-tailed)				0.01	0.00	0.00	0.02	0.02		0.00	0.04	0.04	0.00		0.02	0.01	0.00	0.00	0.01	0.02			
Rely on social media	Yes	215	86.0	4.04	4.27	4.24	4.27	4.30	4.11	4.27	4.24	3.54	4.13	3.97	4.14	3.75	4.00	4.19	4.25	4.22	4.29	3.85	3.58	
	No	35	14.0	3.97	4.58	4.30	4.54	4.44	4.18	4.46	4.41	3.71	4.42	4.27	4.10	4.05	4.21	4.07	4.55	4.31	4.35	3.95	3.46	
	Sig. (2-tailed)				0.00																			
Purpose	for travel	135	54.0	4.01	4.27	4.19	4.25	4.28	4.04	4.25	4.21	3.55	4.14	3.95	4.07	3.73	3.97	4.14	4.21	4.18	4.25	3.74	3.41	
	for holiday	22	8.8	4.23	4.45	4.23	4.49	4.27	4.21	4.36	4.33	3.83	4.30	4.18	4.12	3.83	4.11	4.30	4.29	4.29	4.50	4.19	3.88	
	for business visiting friends	3	1.2	4.45	4.44	4.56	4.22	4.22	4.11	4.36	4.31	3.33	4.45	4.33	4.67	3.78	4.30	4.34	4.67	4.50	4.56	4.00	3.78	
	for MICE	6	2.4	3.67	3.45	4.22	4.06	3.78	3.33	3.88	3.77	2.56	4.05	3.39	3.28	3.22	3.49	3.45	3.61	3.53	3.78	3.50	3.28	
	Other	79	31.6	4.07	4.46	4.34	4.38	4.46	4.27	4.41	4.38	3.69	4.22	4.12	4.34	3.97	4.16	4.27	4.48	4.37	4.41	4.04	3.78	
	Sig. (2-tailed)				0.03						0.00			0.00	0.00	0.05								
Accompany	Alone	95	38.0	4.12	4.51	4.43	4.46	4.46	4.36	4.47	4.44	3.83	4.36	4.30	4.26	4.03	4.24	4.37	4.52	4.45	4.55	4.17	3.80	
	with Friends	155	62.0	3.98	4.20	4.14	4.22	4.24	3.97	4.20	4.15	3.40	4.06	3.83	4.05	3.64	3.90	4.06	4.15	4.10	4.15	3.67	3.42	
	Sig. (2-tailed)				0.00	0.01	0.02	0.04	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.01	
Travel Plan	flexible Relatively	202	80.8	4.04	4.31	4.28	4.35	4.34	4.08	4.32	4.27	3.51	4.16	3.98	4.12	3.79	4.01	4.14	4.26	4.20	4.27	3.79	3.46	
	fixed	48	19.2	3.99	4.33	4.10	4.16	4.22	4.29	4.20	4.22	3.79	4.21	4.12	4.18	3.79	4.08	4.33	4.42	4.37	4.44	4.17	4.01	
	Sig. (2-tailed)																					0.03	0.00	

Model Fit Test

The SEM path analysis result is given in Fig. 2, which shows the path coefficient, and the R-square predicted for the respective dependent variable, and the correlations of the exogenous indicators on the stimuli layer.

The SEM focuses on latent variables S, O, and R variables rather than the observed variables, and the basic objectives of SEM are to provide a means of estimating the structural relations among the unobserved latent variables of a hypothesized model free of the effects of measured errors.

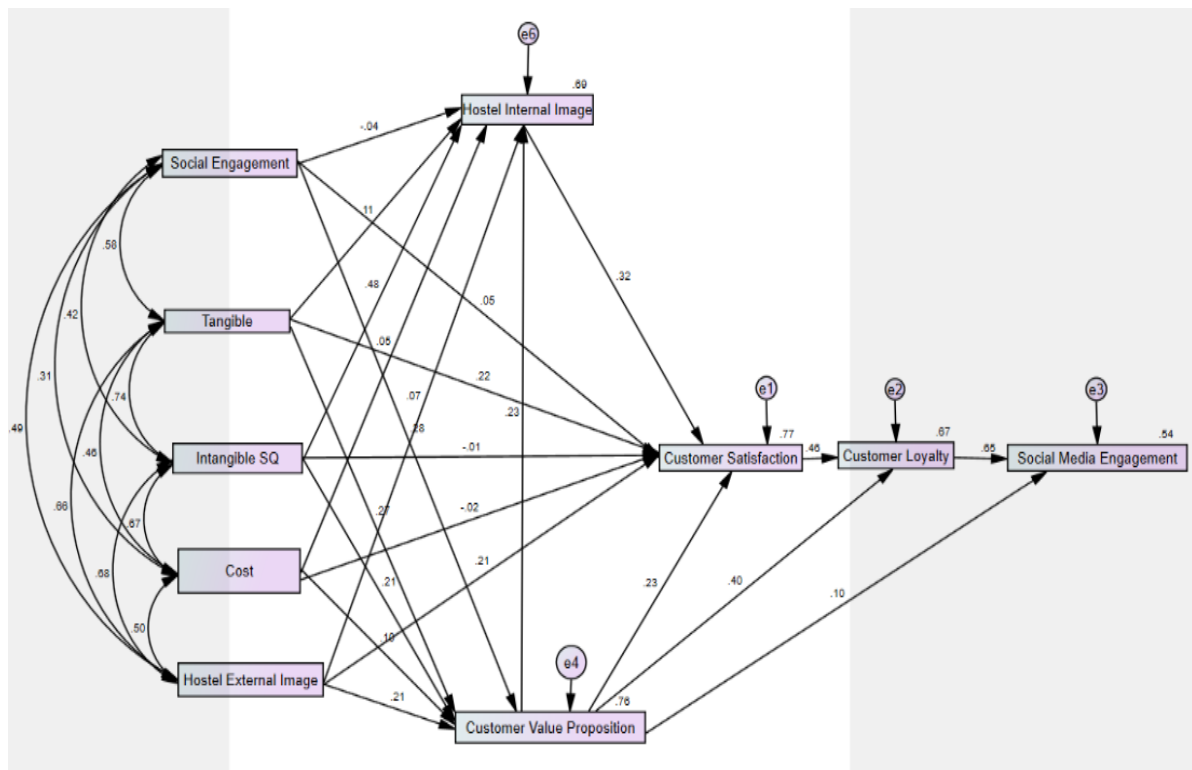


Fig. 2: The Validated Structure Equation Model

To be specific, the purpose of SEM model estimation or model fit is to find a set of model parameter θ to produce $\hat{\Sigma}(\theta)$ so that $[\Sigma - \hat{\Sigma}(\theta)]$ can be minimized, where $\Sigma(\theta)$ denotes the population covariance matrix of observed variables.

The model is tested based on Maximum Likelihood (ML) function stated in equation (1):

$$F_{ML}(\theta) = \ln |\hat{\Sigma}| + \text{tr}(S\hat{\Sigma}^{-1}) - \ln |S| - (p+q) \quad (1)$$

Where S and $\hat{\Sigma}$ are the sample and model estimated variance and covariance matrices, respectively, and $(p+q)$ is the number of observed variables involved in the model yielding $(p+q)(p+q+1)/2$ unique variances and co-variances.

The fit indices for the structural model are given in Table 7. The χ^2 of the structural model is 21.78 with 13 degrees of freedom, and p -value ≥ 0.05 (indicating perfect absolute model fit) and χ^2/df below the upper threshold of 5 (at 1.629). With $p \geq 0.05$, there is an absolute model fit based on the Maximum Likelihood (ML). The absolute fit assesses how well the model specified reproduces the observed data, and is also evidenced in the root mean squared error of approximation (RMSEA) at 0.050. The incremental fit indices, which assesses how well a specified model fits relative to some alternative baseline model, with indexes NFI = 0.99, RFI = 0.966, IFI = 0.996, TLI = 0.987, and CFI = 0.996, all closer to 1.

Table 7: Model Fit Statistics

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	52	21.178	13	.069	1.629
Saturated model	65	.000	0		
Independence model	20	2143.070	45	.000	47.624

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default Model	.990	.966	.996	.987	.996
Saturated Model	1.000		1.000		1.000
Independence Model	.000	.000	.000	.000	.000

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default Model	.050	.000	.088	.451
Independence Model	.433	.417	.448	.000

Hypothesis Testing

First of all, the correlations shown in Table 5 provides the support for the first hypothesis H1. The other hypotheses, H2 to H7, are supported based on the structural path model given in Fig. 2 and the supporting details are given in Table 8.

Table 8: Hypothesis Supporting Details

Dependent Variable	Independent Variable	Beta	t-value	Sig.	Hypothesis	Result
Organism 1: Internal Image R ² = 0.69	Tangible SQ	0.11	1.71	0.09	H2	Supported
	Intangible SQ	0.48	7.12	0.00		
	External brand Image	0.07	1.33	0.19		
	Social Engagement	-0.04	-0.82	0.42		
Organism 2: CVP R ² = 0.76	Cost	0.05	1.09	0.28	H3	Supported
	CVP	0.23	3.20	0.00		
	Tangible SQ	0.27	5.11	0.00		
	Intangible SQ	0.21	3.57	0.00		
	External brand Image	0.21	4.54	0.00		
Organism 3: CS R ² = 0.77	Social Engagement	0.28	7.12	0.00	H2	Supported
	Cost	0.10	2.26	0.03		
	Tangible SQ	0.22	3.99	0.00		
	Intangible SQ	-0.01	-0.22	0.83		
	External brand Image	0.21	4.38	0.00		
CL R ² = 0.67	Social Engagement	0.05	1.06	0.29	H4	Supported
	Cost	-0.02	-0.50	0.62		
	CVP	0.23	3.52	0.00		
SME R ² = 0.54	Internal brand image	0.32	5.73	0.00	H5	Supported
	CVP	0.40	6.57	0.00		
	CS	0.46	7.56	0.00	H6	Supported
	CVP	0.10	1.51	0.13		
	CL	0.65	9.69	0.00	H7	Supported

Note: SQ = Service Quality, CVP = Customer Value Proposition, CL = Customer Value, SME = Social Media Engagement

Specifically, the SEM shows that both hostel internal image and customer value propositions play significant mediator roles, which leverages the stimulation drivers further to impact on customer satisfaction. Customer loyalty is an important mediator, which delivers a role to stimulate and motivate the hostel customers to share their experiences in social media.

Conclusion

Prior literature highlights very little of empirical and conceptual research involved in explaining and characterizing how the customers perceive of their experiences staying in hostels. Thus, very limited insight can be gained. As such, this research adapts a widely acknowledged S-O-R paradigm (cf. Tan, 2019a,b; Tan et al. 2019) to guide the conceptualization in explaining and presenting evidence pertaining to how the customers perceive and react to their experiences staying in hostels. Due to a lack of published information and knowledge structure characterizing customer behaviors in hostel context, the research effort is useful. The comparative statistical analyses provide a rich spectrum of insights of practical implications.

Four groups of variables are shown significantly important enacting the roles of stimuli. One group is controllable by the hostels – namely the tangible and intangible service quality. The second group is the living facility and compound provided by the hostels to facilitate the social engagement of the guests among themselves. The third involves cost perception of the hostel guests. The fourth is the hostel external image which the guests formed prior to purchase. Customers process these sets of information and sort out their mental stages in terms of perceived value (the perceived customer value proposition, CVP) and hostel internal image formed. Thus, there is a clear information-processing taking place, and hostels should acknowledge it (Bettman, 1970), in the view that customers form memory consisting of an array of cues formed of social engagement, service qualities (tangible and intangible), cost and hostel external image, which influences the states of their satisfaction, mediated through the influences of hostel internal image and customer value proposition (Newell, Calman & Simon, 1958).

Two layers of organistic states are demonstrated, namely (1) the first layer, consisting of hostel internal image and customer value proposition, and (2) customer satisfaction – the second layer.

While the second layer is affection oriented, the first layer is cognitive in nature, driven by “an interactive relativistic preference experiences” (Holbrook, Lehmann, & O’Shaughnessy, 1986) of the customers and the judgments formed of the customer’s assessment of what has happened (benefits and sacrifices or costs incurred) (Nasution & Mavondo, 2008).

Due to the service-nature and the social emphasis of hostel atmosphere, customer value proposition involves four value domains, namely functional value, emotional value, economic value, and social value, and they are shown to significantly impact on satisfaction, loyalty, and social media engagement. The latter describes the behavioral tendency of the hostel customers to share, post pictures of what they experience at the hostels in social media platform. Customer social media engagement has received increasing attention (Gomez, Lopez & Molina, 2019). Loyalty is a significant mediator in leveraging the perceived values to arrive at customers sharing in social media, which can serve as ambassador promoting the hostel brand.

Numerous important practical implications can be suggested to the existing hostels or as messages to the hostel sectors on areas to be emphasized.

The following states the significant ones.

Hostels should realize that a much higher level of efforts is needed to stimulate the Asian groups so it drives more favorable organic perceptions and thus responses. Though the students should be more active in social media, these groups are shown to exert lower level of efforts in sharing what they experience at the hostel, and promotional incentives should be derived to stimulate their sharing.

The single-group perceives significantly higher that the hostel price is cheap, and that the hostel has well-informed price, which signifies a higher level of price-sensitivity, and also shows higher perceptions on other aspects of service qualities, particularly with respect to “responsiveness”. The single-group has favorable image formation of the hostel, of both they received from the social media and their own experiences. The single-group should be segmented for a particular attention, as the hostel can leverage their favorable attitudes.

Those booked the hostel in shortest advance, within 1-2 weeks, show higher level of perceptual agreements with all the constructs studied, and thus, the model dynamics should be strategically maintained and promoted for this group of customers. The similar trend is exhibited also for those staying one-night as compared to longer-duration stays, partly attributable to the exhaustion of the experiences with the services provided by the hostel. The hostels would need to be more innovative and service conscious in order to service the groups of longer-duration stays.

The same-sex group has shown favorable perceptions on all constructs studied, and the private-room customers think the other ways. Thus, it is important the hostel owners start to identify them for further investment in order to stimulate their experiences in more active way.

Price wise, 100-400 Baht per-bed day shows high level perceptual responses on all the constructs studied, but gradually wear off when daily rates increase. Thus, it is important the hostels pay a close attention to how their customers perceive pricing and the relevancies of other factors in order to yield at an optimal level. First-timers are shown to reflect higher level of emotional value received, leading to also higher loyalty value. The hostels should actively target them and exploit their emotional characteristics. Hotels of unique themes should also be stressed actively as they significantly induce higher level of perceptual experiences in the stimulation, organism and response aspects, which is important driving up the performance of the hostel.

Reading the signal from the “Alternative attitude (Hotel instead of Hostel)”, it indicates the existence of stickiness – that is, there is a group of customers who prefer hostels to hotels. Those who travel alone have higher level of perceptions of the constructs studied, when compared to staying with friends. The hostels should actively aim to promote more active experiences for shared partnership situations. Those with relatively fixed travel plan are significantly more loyal and tend to engage socially in sharing the experiences of the hostel with others on social media, and the hostel should actively promote this group and embark them as brand ambassadorship.

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