

## Press Release

### **Budget Hotels will continue to attract more customers in 2009, but it isn't all about price**

**1 July 2009 London.** According to a new study by leading market research organisation, Maritz Research, nearly half (46%) of customers of budget hotels say that they are more likely to stay at budget hotels today than last year in order to save money. But, their decision to choose this type of accommodation, and which particular chain or establishment to stay in, is influenced by a number of factors other than cost.

"It is clear that price/value and cleanliness have the greatest influence on customers' decision to stay in budget hotels within the UK. However, trying to attract on price alone appears to be counterproductive to longer-term brand building in this sector. The best strategy, for now, is to focus on maintaining very high standards of cleanliness and keeping up the overall appearance of the property, while ensuring that the price is competitive," says Stephen Harwood, Client Services Director, Hospitality, Maritz Research.

'Bargain hunters', who are looking for the accommodation which costs the least regardless of quality, represent 43% of those surveyed. However, for the other 57% of customers, cleanliness, quality and comfort and convenience are equally, and frequently more important. Nearly six-out-of-ten (58%) agreed with the statement, "As long as I have a clean, comfortable hotel room, I am not interested in whether the hotel has its own restaurant, bar or fitness facilities."

#### **Key findings**

- Customers who rank low price as being the most important factor in their choice are more likely to be leisure than business travellers.
- People are willing to give up amenities, but for those used to staying in more upscale hotel accommodation, perceptions of cleanliness will be critical to their decision.
- For a significant proportion of hotel customers price and cleanliness are equally important.
- Charging the lowest rate without providing the other standards means losing key groups of customers and commoditising the offer.

Maritz Research identified five different ‘types’ of budget hotel customers in the study which looked at why people choose one hotel chain over another, and what features were most and least important to their decision. They break-down as follows:

Bargain Hunters	43%
Neat Freaks	20%
Cheap and Clean	19%
Quality Seekers	10%
Road Warrior	8%

### **Seeking out the lowest price**

For the ‘Bargain Hunters’, the largest single segment of consumers in the survey, price is paramount. They consider the cleanliness and whether the property is well maintained to be less important than any other segments. This group did less business travel compared to most of the others, were younger and had a lower income.

### **The importance of cleanliness above all else**

Those categorised as ‘Neat Freaks’ emphasise the cleanliness and the fact that the property is well maintained as the most critical factor in their hotel choice. They are far less concerned about price or convenience. In fact, there are no other attributes that appear as consistently important. There is a much higher percentage of female travellers in this group as compared to other segments, and they are also one of the higher income segments.

### **Value but not at the expense of cleanliness**

The ‘Cheap and Clean’ is a hybrid of the ‘Bargain Hunters’ and ‘Neat Freaks’ and requires both price and cleanliness to an equal degree. Similar to the ‘Bargain Hunters’ in terms of income, age and travel patterns, they resemble the ‘Neat Freaks’ in their gender composition, with a comparably high proportion of females than other groups. As with the ‘Bargain Hunter’ segment, this group is willing to trade off other aspects of hotel quality to get a good price, but unlike ‘Bargain Hunters’, relinquishing cleanliness is non-negotiable.

### **Looking for a ‘better’ hotel**

The ‘Quality Seekers’, is the most discriminating of the segments and is willing to pay more and compromise on convenience of location in comparison with guests in other segments. This group tends to be older and to have a higher incidence of business travel than other segments. Interestingly, their income ranks them in the middle of the five segments.

They place more emphasis on the size of the room, receiving a quality breakfast, good customer service and having other room features such as a wide selection of television channels. These

guests are more likely than others to choose brands that have consistently well-maintained properties.

### **Business travellers want convenience and quality**

The Road Warrior has the highest incidence of business travel and is the most affluent. The primary driver of choice for this group is finding a hotel that is conveniently located to their travel destinations. However, this segment also cares about quality and comfort and is willing to forego value to insure that they are staying somewhere where they can feel safe and relaxed.

“Times are tough, but as these findings indicate, there are opportunities for hoteliers to build a distinctive and attractive brand that will be able to capitalise on the growth in the budget sector. The focus can’t be on price alone, but should instead be about providing the right experience.”

### **Notes to editors:**

#### **About the research**

Maritz Research surveyed the views of 1,022 hotel guests at budget hotels in the UK in an on-line survey conducted in late May 2009. To qualify for the study, a person had to have stayed at a hotel in the UK at least once for business or leisure some time within the past twelve months. In addition, a list of 13 popular budget hotel chains was presented to the survey participants. Survey participants were disqualified from the study if at least one of their hotel stays did not include a brand from this list.

#### **About Maritz Research**

Since 1973 Maritz Research has given clients the insight to help them deliver the promised brand experience. To do this they identify, research and consult on brands, customer experience, loyalty and employees across a range of sectors including retail, automotive, transport, financial services, IT, hospitality and pharmaceuticals. Part of the US based group Maritz Inc, in Europe, Maritz Research has over 100 employees based in Great Britain and Germany. Further information at: [www.maritzresearch.co.uk](http://www.maritzresearch.co.uk)

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