

Identifying the Preferences of a New Target Market in the Lebanese Hotel Industry

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ABSTRACT

Due to globalization, the tourism industry is in rapid growth; new destinations, activities or attractions are emerging each year. The market is in continuous update; the type of customers are changing and their wants and needs as well. As a consequence, hotels must update their strategies based on the expectations of new markets. Therefore, the aim of this research is to examine the changes that occurred in the hospitality establishments in Lebanon and the preferences of the new market.

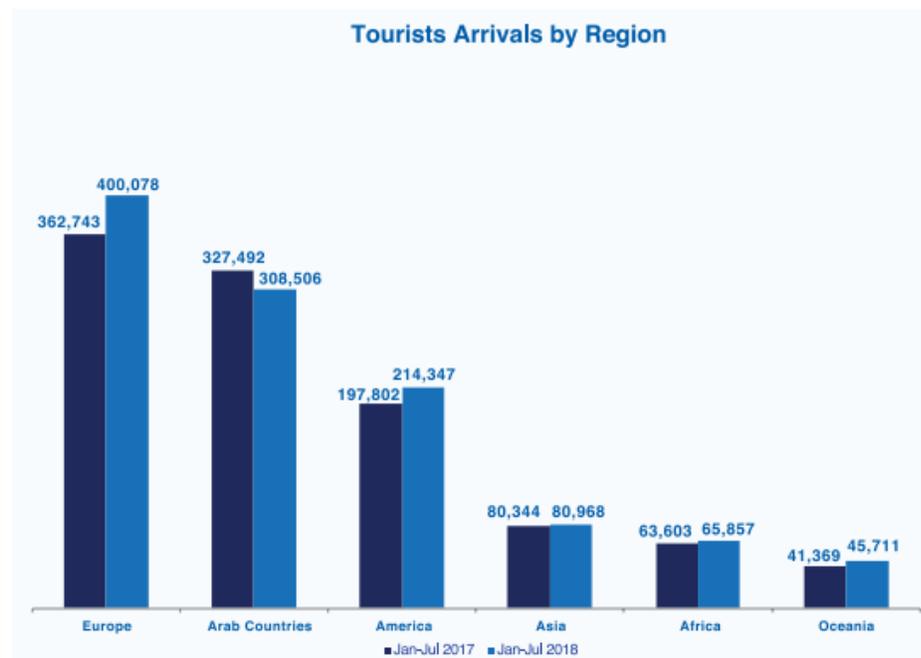
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INTRODUCTION & LITERATURE REVIEW

Lebanon is a Francophone country situated in the Middle East. It is one of the most attractive destinations in the Middle East for many reasons. It is famous for its mild climate, its cultural, archaeological and historical riches, as well as the hospitality of its inhabitants. The Lebanese economy is perceived essentially as a service economy, known for its banking system and the good quality of the tourist facilities that it offers.

The hotel industry plays an important role in the tourism sector as it is a vital and fundamental need for human travel. Tourists need accommodation to rest and refresh themselves throughout their journey. Lebanon offers a wide variety of accommodation types, ranging from 5-star luxury hotels to modest guest houses. The capital Beirut offers 26% of the total available hotels. In 2010, Lebanon hosted a record number of 2,167,989 visitors. The situation seemed to be perfect after the misfortunes that Lebanon has experienced. But again, in 2011, the deteriorating political and security situation in the Middle East, particularly the Syrian crisis, strongly affected the flow of international visitors to the region in general and Lebanon in particular. International tourist arrivals decreased by more than 50% between 2012 and 2013 to reach 0.6 million (BankMed, 2013). While the Lebanese tourism sector saw a 3.3% increase in the number of visitors during the first six months of 2018 compared to the same period of the previous year, more effort is needed to push travelers to choose Lebanon as a destination to achieve the peak of 2010, a record year for tourism activity in this Mediterranean country (Azar & Nasser, 2018). The number of tourists reached 1.5 million in summer 2018 (Chbeir & Mikhael, 2018).

For a long time, tourism in Lebanon has heavily depended on tourists from Arab countries, especially Gulf countries. Nevertheless, the situation is changed. A few years ago, the number of Arab tourists gradually decreased against a significant increase in European, American and other tourists. As a result, the composition of tourists visiting Lebanon has been modified (see figure 1) (Bankmed, 2017). Arab tourists visited Lebanon mainly for medical tourism, shopping, nightlife, and luxury experience (Hassan, 2011; Karam, 2017). Usually, they are loyal and free spending but they prefer to stay within their comfort zone. They don't bother themselves to visit historical and religious structures or hike the whole day to visit a local bee keeper (Karam, 2017). However, European tourists are more attracted to historical, archeological and religious sites. Moreover, they tend to visit isolated villages and discover traditions and local lifestyle. They prefer whatever is related to sustainable tourism (Karam, 2017). Despite the fact that the attractions visited by European tourists are located outside the capital, the majority of them book hotel rooms within Beirut, because the country is relatively small, and visiting the main attractions during day trips is relatively easy (Dewailly & Ovazza, 2004). Tourists from Gulf have been the main market for Lebanese tourism for so long that the hotel industry has relied too much on this steady stream of customers instead of investing energy and resources to attract new customers. This is no longer the case today, most hoteliers admitting that the number of visitors from the Gulf countries are constantly decreasing. Previously, they represented 95% of hotel customers, today, they represent only 10% (Rahhal, 2018).



▪ *Figure 1: The number of tourists arriving by origin; comparison between January and August 2017 and 2018. Source: Bankmed Research, The Ministry of Tourism.*

To date, the hotel industry has widely accepted that nationals of the Gulf countries will no longer be the main drivers of their activity. According to statements by several managers of luxury hotels, they understand that all efforts must be made to strengthen other markets, even if their number is modest, and attract new targets. Among their targets: European countries, Latin America, Russia and China (Rahhal, 2018). As a result, hotels need to reconsider their offers,

strategies and approaches in order to meet the needs and preferences of the new target markets. Thus, the main purpose of this work is to examine and identify the preferences of the French market when choosing a hotel room in Beirut. French tourists represents the biggest share of arrivals to Lebanon (28.4%) from Europe which explains our choice (Blom Invest Bank website).

Methodology

This study has used qualitative and quantitative research methods. First, in order to identify the important variables to be included in the questionnaire, 35 hotel managers working in luxury hotels (four & five star hotels) were asked to evaluate a list of variables (1-not at all important; 5-very important) gathered from the literature of hotel rooms hedonic prices. Only the tangible variables were selected to guarantee the objectivity of the responses. In addition, managers were asked to indicate the unique characteristics that distinguish them from their competitors and the characteristics that can be a competitive advantage through a face to face in-depth interviews. Each interview took about 45 min to one hour. The list of variables that received an average score (3) and above are shown in table 1 below.

Table 1
Variables Considered Important By Managers for Hotel Selection

Variables	Mean	Variables	Mean
Cleanliness	4.06	Restaurants	4.03
Comfort	4.46	Entertainment programs	3.49
Handicapped facilities	3.29	Conference room	3.94
Cancellation policy	3.17	Spa	3.86
Online Reviews	3.91	Free Parking	3.09
Online Star rating	3.80	Pool	3.34
Gym	3.71		

After analyzing the list of all the "differentiation variables" proposed by interviewed managers and the most important attributes noted by the respondents, we identified 47 variables that may be considered as important for the choice of the client to book a hotel room. Variables that must be common to all hotels were not retained. Identified variables represent locational characteristics (10), features of the site (5), the hotel-related features that are fixed in nature (14), the services provided by the hotel (10), and other variable characteristics (8). The identified variables were included into a questionnaire that was shared online for a period of one month during February 2019. Respondents were asked to rate the importance of each variable for hotel selection (1=not important at all; 5=extremely important).

Findings

250 responses were collected. Respondents were supposed to usually spend at least 1 night at a hotel room per year. Also, they must consider Lebanon as an attractive tourism destination that they might consider visiting one day. Therefore, only 171 were valid for our analysis. From the analyzed responses, 69% of respondents are female and 94% are leisure travelers. The mean score was calculated. Variables that received an average score less than (3) were removed. To provide a parsimonious data set, a factor analysis was applied to the data (17 variables). Factor analysis was conducted using SPSS (IBM SPSS STATISTICS 23 VERSION). KMO test was

performed to check the adequacy of our analysis. We have obtained a value of 0.778 which is acceptable. Bartlett's test of sphericity showed a significance level of .000 indicating the relatedness of selected variables. Moreover, values extracted from the table of communalities indicate that all variables have a value above 0.5, and thus, can be considered for further analysis. Using the Kaiser criterion (Kaiser 1960) that factors extracted should possess eigenvalues greater than 1, six factors were extracted from the data with a cumulative percentage of 71.7%. Factor rotation was performed and the method chosen was varimax rotation on raw scores, to maintain orthogonality and maximize variance to produce distinct clusters as factors (see table 2). All factors were capable of meaningful interpretation as major characteristics of the hotel product. The identified factors are named as indicated in table 3.

Table 2
Factors extracted associated with variables' factor loadings

Factor 1		Factor 2		Factor 3	
Friendly Staff	.728	Sea View	.866	Ecological Activities	.829
Multilingual Staff	.706	Extended View from Window	.746	Eco Label	.828
Competent Staff	.697	Close to Beach Room with Balcony	.728 .636		
Factor 4		Factor 5		Factor 6	
Good Reputation	.815	Close to DT	.890	Easy Airport Access	.916
Good Star rating online	.775	Close to Museums	.861		

Table 3
The identification of factors

Factor		Eigenvalue	% of variation
1.	Quality of staff	5.224	29.024
2.	Location convenient to the beach and room with a view	2.274	12.632
3.	Environmental engagement	1.745	9.692
4.	Hotel reputation & online rating	1.561	8.671
5.	Location convenient to DT & museums	1.077	5.982
6.	Location convenient to airport	1.025	5.695

Cumulative percent of variation explained: 71.695%

DISCUSSION & CONCLUSION

Findings have revealed six major product differentiating characteristics that are all significant and important for customer choice. Factor 1 & 4 are related to the quality of staff and service provided in the hotel property. Factor 2, 5 & 6 are related to the convenience of the location and factor 3 is related to environmental engagement of the hotel. Lebanese hotel industry provide a wide variety of options that can meet the French market preferences (identified factors) with the exception of factor 3. Based on a previous study, we can suggest that upscale hotels are conveniently located in the city center of Beirut, thus, close to the beach, DT (Down-town), museums and airport. Moreover, these hotels have a good reputation and are well rated on online

booking platforms such as TripAdvisor & booking.com (the majority of online ratings are above 4 stars out of 5). However, the third factor is rarely met even among upscale hotels (EL NEMR, et al., 2018). El Nemr et al. (2018) have found that hotel managers consider that environmental activities are not important for customers' choice and do not offer any competitive advantage for the company. They also added that marketing these activities, if implemented, is a waste of time and money. However, our findings suggest the importance of environmental engagement at least for the French market for hotel choice. This finding is aligned with previous works that found that customers value positively green activities by hotels which affect their revisit intention, willingness to pay and word of mouth (Han, et al., 2009). It is also consistent with the fact that environmental concerns depend on customers' nationality (Ayuso, 2006). Therefore, based on our findings, hoteliers are advised to emphasize their marketing campaigns when communicated to European market, especially for the French one, on the service quality provided in their establishments, the convenience of the hotel location and its closeness to the main attractions, namely, cultural and historical sites which includes the DT & museums, and the beach. The most important factor to market is eco-friendly activities which will help few hotels gain a temporary competitive advantage, while hotels that are not yet engaged in protecting the environment are recommended to start thinking about investing in ecological activities, especially that the European market is in constant increase. Hoteliers should not be afraid of high cost investment because previous cases has shown that the return on investment is relatively rapid and later cost savings are high; the cases of Sheraton Auckland Hotel and Towers, Sheraton Tacoma Hotel, La Quinta Inn & Westin San Francisco Airport Hotel (Alexander & Kennedy, 2002).

This study has identified the preferences of a new growing market for Lebanese hotels. Identified factors should encourage hoteliers to enhance their performance related to some factors for example the quality of service and staff training, or include some neglected factors in their strategies for example market their ecological initiatives or even invest in them. Despite this study provides useful information for hotel managers to enhance their strategies and become more attractive for a specific market, further studies with a bigger sample must be conducted to confirm our findings. Moreover, other growing markets should be examined such as Russian and Chinese markets, in order to develop an offer that can please the majority of coming tourists.

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