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What values are perceived by hotel guests? Levyda Levyda Department of Management, Sahid University, Jakarta, Indonesia Email: levyda@usahid.ac.id Email: levyda_mm@yahoo.co.id

Abstract: Perceived value on hotels has been widely studied in terms of perceived value as a trade-off between quality and price. However, a hotel guest expects some values upon his/her decision to stay in a hotel.

This expectation consequently drives a need of studying some perceived values applying the multidimensional framework. In order to understand the role of each dimension in this perceived value, a formative approach was employed. The survey was conducted involving 357 guests staying in four-star hotels in Jakarta.

The study applied partial least squares by which a multidimensional formative model was tested. The result indicated that the perceived value of the hotel was formed by seven dimensions and explain what they are. Keywords: perceived value; multidimension; formative; hotel.

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(20XX) 'What values are perceived by hotel guests?', Int. J. Services, Economics and Management, Vol. X, No. Y, pp.xxx–xxx. Biograpical notes: Levyda Levyda has graduated from University of Diponegoro, Semarang, Indonesia, majoring in Management. She obtained master degree in Marketing from University of Gadjah

Mada, Indonesia and a received doctorate degree from University of Padjadjaran at Bandung, Indonesia.

She is currently a Lecturer and researcher at University of Sahid, Indonesia. Her current research interest are hospitality and tourism marketing, customer value, customer satisfaction, customer loyalty, customer trust, etourism. This paper is a revised and expanded version of of a paper entitled 'What values are perceived by hotel guest?' presented at the 'SIBR Hong Kong 2016 Conference on Interdisciplinary Business and Economics Research', Hong Kong. 1 Introduction Hotel sector has grown significantly in recent years.

In consequence, a hotel guest has a bunch of choices. In attracting the guest, a hotel must offer higher value than its competitors. To reshape hotel value, the perceived value is practically essential. In recent years, there are some perceived value researches on the hotel (Jayanti and Ghosh, 1996; Bojanic, 1996; Oh, 2000; Kashyap and Bojanic, 2000; Sabbahy et al., L. Levyda 2004).

However, they considered the perceived value as a trade-off between quality and price and their focuses are the antecedent and consequences of perceived value. The perceived value is a complex construct so it could not only be described by a trade-off between quality and price (Sweeney and Soutar, 2001). The perceived value in hotel context should be studied by using a holistic view for guest experience is complex.

Therefore, the multidimensional perceived value on the hotel is still needed. The issues in multidimensional approach are the dimensions of perceived value and relationship between the dimensions and the construct. Until now, there has been no agreement about these things (Sánchez-Fernández and Iniesta-Bonillo, 2007; Gallarza et al., 2011).

The relationship between the dimensions of perceived value and perceived value is still a debate whether reflective or formative since the relationship has a different meaning (Lin et al., 2005). To reshape the perceived value, this study investigates the dimension of perceived value in the hotel context and some drivers of each dimension.

The dimensions cause perceived value, thus this study employed formative approach. The originality of this research is that the dimensions of perceived value of the hotel and the relationship between the dimensions and the construct of

perceived value are formative. The purpose of this study is to investigate the dimensions of perceived value of star hotel using a formative approach.

This article is structured in 6 sections. Next section will briefly discuss the literature review, followed by the research method, and then findings and discussions. The conclusion and limitation are presented at the end of this article. 2 Literature review There is no doubt on the benefits of perceived value. Perceived value is a strategic marketing tool to achieve a competitive advantage (Huber and Herrmann, 2000; Lai, 1995; Woodruff, 1997; Porter, 1985), to understand consumer behavior (William and Soutar, 2009; Fandos-Roig et al., 2009; Gallarza et al.,

2011; Sanchez-Fernandez and Iniesta Bonillo, 2006), to serve customers effectively (Maas and Graf, 2007), to identify key success factors (Olla and Patel, 2002) and a driving factor for quality improvement (Setijono and Dahlgaard, 2007). The discussion of perceived value is classified into two approaches, namely unidimensional and multidimensional approaches (Sánchez-Fernández and Iniesta- Bonillo, 2007). The unidimensional approach conceptualises the perceived value under an overall abstraction.

Sánchez-Fernández and Iniesta-Bonillo et al concluded that the perceived value as a unidimensional is conceived as a utilitarian perspective. When a customer buys a product for economic and cognitive reasons, the value is assessed by relevant benefits and costs. In the unidimensional study, some studies employed price based framework, means-end theory, and others.

The multidimensional approach assumes that the perceived value is a complex phenomenon. The multidimensional approach consists of the interrelated dimensions or attributes which form a holistic construct. Sánchez-Fernández and Iniesta-Bonillo et al classified some frameworks used in the multidimensional study, namely the customer value hierarchy, utilitarian and hedonic value, axiology and value theory, consumption values theory, and Holbrook's typology of perceived value.

What values are perceived by hotel guests? Some authors choose a multidimensional approach because they considered the approach is more in line with the customer experience than the unidimensional approach. The perceived value is a complex phenomenon (Zeithaml, 1988; Day and Crask, 2000; Sweeney and Soutar, 2001; Sánchez-Fernández and Iniesta-Bonillo, 2006) since a customer buys something for a comprehensive reason covering the utilitarian aspects as well as hedonic.

The multidimensional construct represents a holistically complex phenomenon (Edwards, 2001). Each dimension that has an important role in enriching the construct cannot be represented by an overall abstraction (Law et al., 1998). In identifying the dimensions of perceived value, some studies applied the consumption value theory proposed by Sheth et al. (1991).

They proposed that a consumer consumes a product to obtain the five types of value namely functional value, emotion value, social value, epistemic value and conditional value. Some authors used the consumption value theory to identify the dimensions of perceived value. The type and number of dimensions vary, depending on the context as described in Table 1.

Table 1 Researchers, product, approach, and dimensions of perceived value Researchers, product, approach Dimensions of perceived value Sweeney and Soutar (2001); durable product; first order reflective Functional value of quality/performance, functional value of price/value for money, emotion value, social value Pura (2005); location based mobile service, first order reflective; dimensions Functional value – monetary price, functional value –convenience value, emotional value, social value; epistemic value; conditional value Sanchez et al.

(2006); tourism product; formative second order; dimensions Functional value of the travel agency (installations), functional value of personnel of travel agency (professionalism), functional value of tourism packaged, functional value price, emotional value, social value Fandos-Roig et al. (2007), banking service, second-order formative construct Functional value of the establishment (installations), functional value of contact personnel (professionalism), functional value of service purchase (quality), functional value price, emotional value, social value Cengiz and Krikbir (2007); hospital; second-order formative construct Functional value (installation), functional value (service quality), functional value – professionalism, functional value – price, emotional value (novelty), emotional value (hedonics), emotion value (control), emotional value (hedonics), social value Turel et al.

(2007); short message service; second order formative Performance/quality value, value for money, emotional value, social value Williams and Soutar (2009); adventure tourism; first order Functional value, value for money, novelty value, emotion value, social value Fiol et al. (2011), ceramic industry. second-order reflective construct Functional value technical quality of product, functional value

of service, functional value employees' quality of service, functional value sacrifice, emotion value, social value Chi and Kilduff (2011); sport wear; second order reflective Quality, price, emotion value, social value L.

Levyda Sweeney and Soutar (2001) built the perceived value measurement for a durable product. The model was developed based on the theory of consumption values. They only used three of five dimensions of value proposed by Sheth et al. (1991). They argued that the epistemic value and conditional value do not fit with the nature of durable goods.

The measurement is called PERVAL consisting of four dimensions and nineteen indicators. The view of Sweeney and Soutar (2001) is followed by Sanchez-Fernandez and Iniesta Bonillo (2007), Fandos-Roig et al. (2007), Cengiz and Kirkbir (2007), Williams and Soutar (2009), Simova (2009), Fandos-Roig et al. (2009), Fiol et al. (2011), and Chi and Kildruff (2011).

Hospitality businesses cover three domains, namely the domains of commercial, social and individual (Slattery, 2000). The commercial domain focuses on creating and delivering value. The individual domain in hospitality business emphasises the pleasure of the guests, while the social domain emphasises the need for interaction between guests and hotel employees.

This study applied the multidimensional approach and the consumption value theory as a framework for investigating the dimensions since they are relevant to the domains. Hotels offer the physical facilities and staff services, food and beverages, value as well as emotion and social value. The functional value is a perceived utility acquired from the appropriate features, function, attribute or characteristics, outcome or consequences and price (Sheth et al., 1991; Smith and Colgate, 2007).

The functional value of the hotel is derived from the capabilities of facilities and hotel staff in carrying out their functions beyond the standard purchased at the reasonable price. A guest experience is divided into five stages, namely arrival to the hotel, registration, use of the room, breakfast, and check out (Reid and Bojanic, 2010).

At each stage, a guest obtains value. At the stage of arrival, he/she obtains the functional value from the physical environment. Furthermore, he/she obtains the function value from guestroom and functional value from food and beverage as well as functional value from price. The role of the physical environment depends

on the nature of the business (Bitner, 1992). For hotels, the physical environment is one of their core businesses.

Bitner classified environmental dimension into three categories, namely ambient condition, space/function and sign, symbol, and artifact. According to Bowie and Buttle (2004), the physical environments that may affect a guest are hotel exterior, access to the hotel, landscape, and some symbols of promotion. Walls (2012) categorised physical environment into three, namely design, physiological aspect and upkeep.

The functional value of the physical environment is derived from location utility and performance of design, physiological aspect and upkeep. The functional value from guestroom comes from the capacity of electric devices and performance of bed, bathroom, amenities and furniture and ornament. The functional value of food and beverage comes from the quality of food and beverage, and quality of dining room.

The functional value from hotel staff comes from their capability in serving a guest. The functional value of price perceived comes from the economical price compared to other hotels and compared to other facilities and services. The hedonic perspective considers consumers as the rational and emotional beings and who make decisions based on these two aspects.

So, the emotional value and social What values are perceived by hotel guests? value are perceived as important as the functional value. The emotional value is perceived utility acquired from an alternative capacity to arise feelings or affective states (Sheth et al., 1991). The emotional value in this study is defined as the positive feelings that arise during the stay at the hotel.

Levy (1959) in Maehle and Shneor (2009) stated that consumers buy the products because of compatibility the product with the personal and social meanings. The social value is an alternative to perceived utility acquired from one or more specific social groups (Sheth et al., 1991). This study uses social self-image to measure the social value. Self-image is an image that is really wanted (Sirgy, 1982) as measured by a prestige.

Table 2 Construct, scales and sources Construct Scale items Sources Functional Value – Physical Environmental (FV-PE) Ease of reaching the hotel Walls, (2012), Tanford et al. (2011), Fandos-Roig et al. (2009), Sanchez (2006), Bowie and Buttle (2004), Walker (2010), Lovelock and Wirtz (2011) Closeness to business centre

Bowie and Buttle (2004), Walker (2010), Lovelock and Wirtz (2011) Traffic movement around the hotel Bowie and Buttle (2004) Attractiveness of the exterior design of the hotel Walls (2012), Tanford et al.

(2011), Fandos-Roig et al. (2009), Sanchez (2006) Attractiveness of the interior design of the hotel Walls, (2012), Tanford et al. (2011), Sanchez (2006) Attractiveness of decor in the lobby and corridor Walls (2012) Luxury of furniture and ornaments in the lobby and corridor Walls (2012) Modernity of facility in lobby Walls (2012) Upkeep of the hotel Walls (2012) Functional Value – Guestroom (FV-G) Beauty of room decoration Korda and Milfelner (2008), Tanford et al. (2011) Luxury of furniture in room Cleanliness of the bed Quality of amenities Tanford et al. (2011) Cleanliness of the bathroom Tanford et al.

(2011) Modernity electronic equipment Functional Value – Food & Beverage (FVFB) A varied menu Ha and Jang (2010), Qin and Prybutok (2008), Walker (2010) Delicious food & beverages Ha and Jang (2010) Attractiveness of the course Qin and Prybutok (2008) Hygiene of food & beverages Walker (2010) Comfort of the dining room Walker (2010) L.

Levyda Table 2 Construct, scales and sources (continued) Construct Scale items Sources Functional Value – Hotel Staff (FV-HS) Courtesy of the hotel staff Walls (2012), Kayaman and Arasli (2007), Ramsaran-Fowdar (2007) Friendliness of the hotel staff Walls (2012) Working speed of the hotel staff Kayaman and Arasli (2007) Willingness to help of hotel staff Kayaman and Arasli (2007), Korda and Milfelner (2008), Ramsaran-Fowdar (2007) Clarity of the information of the hotel staff Understanding the individual needs of guests Kayaman and Arasli (2007), Korda and Milfelner (2008) Neatness of hotel staff Walls (2012), Kayaman and Arasli (2007) Functional Value – Price (FV-P) Compared to hotel facilities, price is worth Compared to hotel service, price is worth Reasonableness of the price offered Petrick (2004), Sanchez (2006), Williams and Soutar (2009) Economical rates Petrick (2004), Sanchez (2006), Williams and Soutar (2009) Feel comfortable Korda and Millfelner (2008), Petrick (2004), Barsky and Nash (2002) Emotional Value (EV) Feel appreciated Barsky and Nash (2002) Feel relaxed Barsky and Nash (2002) Feel welcomed Barsky and Nash (2002) Feel proud Barsky and Nash (2002) Feel practical Korda and Millfelner (2008), Petrick (2004), Barsky and Nash (2002) Feel secured Barsky and Nash (2002) Feel amazed Desmet and Hekkert (2007), Barsky and Nash (2002) Feel pleasured Desmet and Hekkert (2007), Barsky and Nash (2002) Social Value (SV) Staying at a reputable hotel supports my prestige Staying in a four-star hotel supports my prestige Staying in a well-known hotel supports my prestige The relationship between the dimensions and perceived value is

formative. There are some arguments to support it. First, the functional value cannot be represented by emotional value or vice versa.

Second, each dimension respectively has the content, What values are perceived by hotel guests? antecedent, and consequences that are different from each other. For example, the content of functional value-physical environmental (FV-PE) are location, facilities, design, physiological and upkeep which are different from functional value-guest room (FVGR). Third, the indicators of each dimension cannot be replaced.

The change in one dimension of the perceived value will change the perceived value. The indicators have a different antecedent, for an example, antecedent indicators of the value of the FV-GR are different from indicators of FV-FB. The change in an indicator of FV-GR does not lead to a change in other indicators (Jarvis et al., 2003). The dimensions cause the perceived value.

Based on the above rationale, the research hypothesis is as follows: H1: functional value-physical environmental, functional value-guestroom, functional value food and beverage, functional value – hotel staff, functional value-prices, emotion value and social value form the perceived value. 3 Methodology In Indonesia, hotels are classified into star hotel and other accommodations. Star hotels are classified into one-star hotels to five-star hotels.

Classification of star hotels is based on some requirements such as physical requirement, the services provided, workforce qualification, sport facilities and the number of rooms available. The most establishment is the three-star hotels but the most number of rooms available are four-star hotels. Jakarta is the important city for hotel industry since 10% of the hotel room is in the city.

Since each star hotel category has the requirement and the number of rooms is important, this study focuses on four-star hotels. In 2012, Jakarta had 33 four-star hotels located in four districts. Seven hotels have representative the districts. The difficulty in this research is to get permission from the hotels. The function value of price is the dimension of perceived value.

In accordance with the dimension of perceived value, the unit analysis of this study is the guests staying and buying breakfast with their own money. The purposive sampling was employed in this study. The survey was conducted in seven hotels by using questionnaires from April to September 2013. The sample in

this study is 357 respondents. The self-administered approach is used to the selected hotels representing 62.3% of the response rate.

It was found that; 54% of the respondent is male and 46% is female, 32% of the respondent is 31 to 40 years old, 29% of the respondent is 21 to 30 years old, 17% of the respondent is more than 51 years old. It was also found that 47% of the respondent stayed in the hotel for pleasure and 42% stayed for business. There was 20% of the respondent who stayed one night in the hotel, 39% stayed for 2 nights, 26% stayed for 3 nights, 15% stayed for four or more than four nights.

While in 2012, 52% guests stayed for one to five nights in other hotels, 21% stayed for six to ten nights, 9% stayed for eleven to fifteen days and 14% stayed for twenty days or more in other hotels. The year before 2012, 34% stayed twice in hotels, 32% stayed five or more than five times in hotels, 16% stayed three times, 10% stayed once, and 8% stayed four times in other hotels. This research used Agung Likert Six-Point Scale (Agung, 2011) rather than five or seven Likert scale.

Agung Likert Six-Point Scale (ASPS) classifies respondents into two classes as the mid score. ASPS can avoid respondents who do not wish to give a negative response. L. Levyda An exploratory study was conducted on 100 respondents who have stayed in four-star hotels in Jakarta to find out the important attributes/performance/outcomes as indicators of each dimension. Some of the facilities such as parking, business center, and exercise facility used by all the guests were not used in this study.

The perceived value is the second order and formative construct. In the formative construct, there are two levels of analysis, the first level relates the indicators to dimensions and the second level relates dimensions to the construct (Jarvis et al., 2003).

Based on characteristics of the construct, the specification of research model is reflective in the first order and formative in the second order. The perceived value as a multidimensional formative construct is relatively new so there is no consensus in the dimensions and indicators (Urbach and Ahlemann, 2010). Hair et al.

(2014), and Fornell and Bookstein (1982) gave suggestion to use Partial Least Square Structural Equation Modeling (PLS-SEM) if formative and reflective in the existing model. The hypothesis was tested by using XL-Stat 2011software. There are two steps in applying the model using PLS-SEM. The first step is to analyse the

outer model. It analyses the relationship between indicators and dimension by using loading factors, t-value, average variance extracted (AVE) and composite reliability.

The loading factor indicates that the indicator has convergent validity on its dimensions. The loading factor value is at least 0.6 but ideally 0.7 or more (Chin, 1998). The construct validity was tested by using Average variance extracted (AVE). AVE demonstrates the ability of indicators to predict their dimension. The composite reliability measures the internal consistency and reliability.

The second step is to examine the inner model that is to test the relationship between the perceived value and the dimensions. The quality of the inner model is identified by weight indicator, variance inflation factor (VIF), and R2. 4 Finding and discussion The functional value of physical environmental (FV-PE) is measured by nine indicators and it has a varied indicator reliability.

The outer loading value of ease of reaching the hotel, closeness to a business center, and traffic movement around the hotel is less than 0.7 but this number is satisfactory to the t-value. Thus, the indicators can be used as a measurement FV-PE. Other indicators have the outer loading value above 0.7 and high t-value so they have the ability to predict the functional value of the physical environment.

The exterior and interior design can be used as a measurement and of FVPE (Functional Value-Physical Environmental). The interior design has a greater ability in predicting a perceived value than the exterior design. The psychological aspects such as luxury, modernity and the attractiveness of the facilities can be the predictors of FVPE.

FV-PE is measured by four categories of the value so that the AVE of FV-PE is relatively low but t-value is relatively high. Thus, the indicators are valid to explain FVPE. FV-PE has a satisfactory internal consistency and reliability. The guestroom is very critical because a guest spends most of his/her time there. AVE and composite reliability shown that the indicators of FV-G are valid and reliable.

FV-G is derived from the three areas, which are bed area, living area and a bath area and equipment in their respective areas. FV-G has a satisfactory AVE indicating that it describes the same construct. FV-G also has a satisfactory internal consistency and What values are perceived by hotel guests? reliability.

The instrumental generating value the most is the cleanliness of the bathroom and the next is the electronic appliances. They have a high outer loading and they are relatively equal. The bathroom cleanliness has the highest loading factor (0.828) and R2 (0.687), concluding that the indicators have a strong influence on FV-G. The indicators are above 0.60, meaning that the indicators have a moderate influence on FV-G.

The furniture is the lowest one. Table 3 Functional value from physical environmental Indicators Outer loading R2 Variance error T-value Ease to hotel location 0.623 0.388 0.612 14.216 Closeness to business centre 0.527 0.278 0.722 8.579 Traffic movement 0.312 0.098 0.902 4.075 Hotel exterior 0.754 0.568 0.432 23.475 Hotel interior 0.790 0.624 0.376 29.384 Décor 0.783 0.613 0.387 30.433 Furniture & ornament 0.757 0.572 0.428 28.504 Facilities 0.786 0.618 0.382 27.690 Upkeep 0.745 0.556 0.444 29.597 Average Variance Extracted 0.479 10.290 Composite Reliability 0.887 36.266 Table 4 Functional value from guestroom (FV-G) Indicators Loading factor R2 Variance error T-value Room decoration 0.805 0.649 0.351 31.247 Room furniture 0.782 0.612 0.388 38.845 Bed 0.792 0.627 0.373 24.236 Amenities 0.783 0.614 0.386 33.660 Bathroom 0.828 0.686 0.314 40.518 Electronic appliances 0.817 0.667 0.333 38.085 Average Variance Extracted 0.642 15.795 Composite Reliability 0.915 42.752 The functional Value of Food and Beverage (FV-FB) which is measured by five indicators, namely variation menu, delicacy, food hygiene, food and beverage setup and cleanliness of dining room, has a satisfactory indicator reliability. Their outer loadings are more than 0.7 and almost same value.

FV-FB has a satisfactory AVE, indicating that the indicators measure the same construct. The functional Value-Hotel Staff (FV-HS) is measured by seven indicators and all indicators have a satisfactory indicator reliability. The indicators have a high outer loading. AVE of FV-HS is 0.718, indicating that the indicators measure the same construct.

Their outer loadings are high and relatively balanced but the highest ones are the friendliness and ability to give clear information which have a high ability in predicting FV-HS. L. Levyda Table 5 Functional value from food and beverage (FV-BB) Indicators Outer loading R2 Variance error T-value Menu 0.831 0.690 0.310 40.553 Delicacy 0.844 0.712 0.288 50.427 Food and beverage setup 0.829 0.687 0.313 40.296 Food hygiene 0.875 0.766 0.234 52.164 Cleanliness of dining room 0.862 0.743 0.257 39.451 Average Variance Extracted 0.720 19.532 19.532 Composite Reliability 0.928 46.824 46.824 Table 6 Functional value from hotel staff (FV-HS) Indicators Outer loading R2 Variance error T-value Courtesy 0.856 0.733

0.267 41.152 Friendly 0.887 0.786 0.214 59.162 Pace 0.813 0.661 0.339 32.498 Willingness to help 0.838 0.702 0.298 41.156 Clarity 0.860 0.740 0.260 44.702 Understanding the individual needs 0.829 0.688 0.312 36.465 Neat 0.846 0.716 0.284 32.512 Average Variance Extracted 0.718 19.429 Composite Reliability 0.947 55.437 The Functional Value-Price (FV-P) is measured four indicators, namely reasonable price, economical, worth price compare to the facilities and worth price compared to the staff. The indicators are valid and reliable. Outer loadings of the three indicators indicate that they have a strong indicator reliability.

Because of service shop, the value of price is perceived by comparing price and service as well as price and facilities, price reasonability, and economical rate. All indicators, except economical rate, have a high loading factor and high R2. The economical rate has a moderate influence on FV-P. Table 7 Functional value from price (FV-P) Indicators Outer loading R2 Varian error T-value Price is worth 0.893 0.797 0.203 69.918 Price is worth 0.872 0.761 0.239 55.653 Reasonableness price 0.853 0.727 0.273 31.561 Economical rates 0.645 0.416 0.584 15.725 Average Variance Extracted 0.675 17.248 Composite Reliability 0.891 37.024 The Emotion Value (EV) is measured by eight indicators, all of them are valid and reliable.

All indicators have a strong outer loading, indicating that they are reliable. The R2 of feel comfortable, relaxed, and secured indicated that these factors have a strong predicting ability. What values are perceived by hotel guests? Table 8 Emotion value (EV) Indicators Outer loading R2 Varian error T-value Comfortable 0.854 0.730 0.270 46.730 Appreciated 0.834 0.695 0.305 38.111 Relaxed 0.840 0.705 0.295 44.710 Welcome 0.827 0.685 0.315 32.817 Pride 0.754 0.568 0.432 22.742 Practical 0.803 0.645 0.355 28.791 Secure 0.856 0.733 0.267 55.722 Amazed 0.709 0.502 0.498 24.818 Pleasure 0.802 0.643 0.357 35.539 Average Variance Extracted 0.656 16.388 Composite Reliability 0.945 54.349 The Social Value (SV) is measured by three indicators. All indicators are valid and reliable.

The high outer loading indicates that the indicators are reliable to measure the social value. The indicators have a strong ability to predict SV. Table 9 Social value (SV) Indicators Outer loading R2 Varian error T-value reputable hotel support my prestige 0.925 0.856 0.144 77.610 four star hotel support my prestige 0.931 0.867 0.133 70.969 well known hotel support my prestige 0.946 0.894 0.106 119.725 Average Variance Extracted 0.872 33.622 Composite Reliability 0.953 59.602 The second step is assessing the inner model that is a formative model.

The dimensions of perceived value should be examined for collinearity. The collinearity is checked by using variance inflation factors (VIF). The VIF of the

dimensions is less than five so there is no indication of collinearity in the construct of perceived value. The T-value indicates that all the dimensions influence significantly.

The indicator's weight indicated that Emotional Value gave the highest supported in forming the perceived value in the hotel and the second position is the Functional Value-Hotel Staff while the lowest is Functional Value-Price and Functional Value-Food & Beverages. The values of effect size Cohen are more than 0.35, so the dimensions have a large effect on the perceived value. The path coefficient of the dimensions is more than 0.100 so they have an impact on the model (Huber, 2007 in Urbach and Ahlemann, 2010).

Effect size Cohen $f2$ could be used to measure whether the latent of independent variable has an impact on the latent of the dependent variable. The Q2 Stone-Geisser is one (1) so it is a very good model to predict the perceived value. L. Levyda Table 10 Dimensions of perceived value Latent variable Path coefficient Standard error T Pr > |t| f^2 VIF Functional value – physical environment 0.158 0.009 18.520 0.000 0.983 2.447 Functional value – guest room 0.163 0.010 16.743 0.000 0.803 3.200 Functional value – food & beverages 0.107 0.009 11.503 0.000 0.379 2.914 Functional value – hotel Staff 0.189 0.011 17.774 0.000 0.905 3.805 Functional value – price 0.107 0.008 13.138 0.000 0.495 2.237 Emotion value 0.300 0.011 26.770 0.000 2.053 4.222 Social value 0.159 0.007 23.457 0.000 1.577 1.542 Figure 1 Research model Functional Value – Physical Environment Functional Value – Guestroom Functional Value – Food and Beverages Functional Value – Hotel Staff Functional Value – Price Emotion Value Social Value 5 Discussion To enhance the competitive advantage, the hotel values should be reshaped continuously.

The model can be used as guidance to reshape because the model is good and all dimensions and indicators are valid as well as reliable. The physical environment of hotels gives the first impression to the guests. The maintenance is the key to the physical environment. The hotels that are 15 years or more need to be renovated (Hayes and Ninemer, 2007).

In the renovation, the design of physical environment should match the target market (Siguaw and Enz, 1999). The location of the hotel is an absolute advantage that cannot be reshaped. So, the choice of location is a primary consideration in the feasibility study. What values are perceived by hotel guests? The facilities in the lobby and guestroom need to be replaced regularly because the purpose of a

guest staying at a hotel is to gain experience in facilities (Wakefield and Blodgett, 1994).

The replacement of facilities in the guest-room is a prioritise as the facility has a major role in forming values. The product and service of the hotel are global products. Therefore, the recipes and types of food are tailored to the global tastes. They should be adapted to the target market and local tastes. Hotels need to look for some local products accepted by the international market.

The four-star hotel belongs to the high-contact service so that frontline staffs have an important role in forming the perceived value. Staff capability can be enhanced through the organisational culture, policies and practice of human resources management. At the individual level, the personality and attitude are relatively permanent so that emotional intelligence is a prerequisite for selection of the staffs.

According to Zeithaml (1988), the value means cheap price, value reflects the quality, value reflects the benefits received, and value reflects a trade-off between what customers receive and what they give. Thus, the price must always be evaluated because guests can compare the price and the facilities and services offered by some hotels through e-booking.

A hotel should update photos and messages displayed on hotel websites and any global distribution system so that there is no gap between the expectation and performance. Currently, hotels tend to design a clear and transparent value proposition (Daun and Klinger, 2006). The dimensions and indicators on this model can be used to scan and reshape the value proposition.

For example, our hotel is conveniently close to the business centers and shopping centers; enjoy the beauty of the interior in the lobby and hotel rooms; enjoy the modern amenities. Because the value of the emotion has the greatest role in the formation of the perceived value, the consequences are more highlighted to the emotion value as an example of hotel offering comfort, respect, and relax.

A common belief states that emotions are the result of cognitive occurring automatically, unconsciously, and as a process (Desmet and Hekkert, 2006). Based on the belief, if the functional value is not high, the emotional value should not be too high either. An appraisal theory might explain this phenomenon. According to the appraisal theory, an emotion value is the interpretation of the functional value rather than the functional value itself.

Thus, it could have a lower functional value but high emotional value. The star rating, brand name, reputation and overall hotel can reshape the social value. A star rating can be maintained to meet certain quality standards required by the assessing agency. The reliability is also important for the hotel brand name and reputation of the hotel.

Marketing communication of the effective brand name is also required to improve the social value. 6 Conclusion The test supported the hypothesis that the perceived value in the four-star hotel is formed by the functional value of the hotel physical environment, functional of the guestroom, functional value of the food & beverages, functional value of the employees' services, functional value of price, emotional value, and social value. The limitation of this study L.

Levyda is that this research only takes samples or respondents who stayed in four-star hotels characterised as city hotels. Because the hotels are segmented, it is suggested to conduct a research at other hotel categories such as five-star hotels or three-star hotels in order to understand the difference among them in forming the perceived value. In the unidimensional study, the perceived value is different from the satisfaction.

Currently, satisfaction is also studied as a multidimensional construct. The construct of satisfaction is formed by a cognitive and affective satisfaction (Levyda et al., 2015). The future research is suggested to study the difference between satisfaction and emotional affective value.

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