# Importance- Performance Analysis of Hotel Selection Factors: A Comparative Study of Business and Leisure Travelers in Tarlac, Philippines

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## ABSTRACT

This study examined the importance and performance of hotel selection factors among business and leisure travelers in Tarlac City, Philippines, using the Importance–Performance Analysis (IPA) framework. Data were collected from 350 hotel guests across Department of Tourism (DOT)–accredited and local government–licensed accommodation facilities prior to the COVID-19 pandemic. Thirty-three hotel attributes were grouped into six dimensions: service quality, business facilities, value, room and front desk, food and recreation, and safety and security. Results revealed significant differences in the perceived importance and performance of selected attributes between business and leisure travelers, particularly in business facilities and value. However, all six dimensions were positioned in Quadrant II ("Keep Up the Good Work") of the IPA grid, indicating high importance and high performance across traveler segments. The findings provide actionable insights for hotel managers in optimizing resource allocation, enhancing service delivery, and developing segment-specific marketing strategies to sustain competitiveness in regional hotel markets.

**Keywords**: Importance–performance analysis, hotel selection factors, business travelers, leisure travelers, Philippines

## INTRODUCTION

The accommodation and tourism industry plays a vital role in regional economic development, particularly in emerging destinations such as Tarlac City. As tourism activity increases, hotels face growing competition, making it essential to understand the factors that influence guests' hotel selection decisions. Travelers, whether for business or leisure, evaluate accommodation facilities based on both their expectations (importance) and actual experiences (performance).

In the Philippine context, tourism growth prior to the Covid-19 pandemic was marked by increasing domestic and international arrivals, which stimulated demand for accommodation services. This expansion highlighted the need for hotels to align service offerings with guests` evolving expectations. Previous studies suggest that business and leisure travelers differ in their priorities, particularly in areas such as business facilities, value and service quality, underscoring the importance of segment-based analysis.

Importance–Performance Analysis (IPA) provides a systematic approach to assessing how well hotel attributes meet guest expectations by mapping importance against performance. While IPA has been widely applied in hospitality research, limited empirical studies have examined hotel selection factors using IPA within provincial settings in the Philippines. Addressing this gap, the present study analyzes the importance and performance of hotel selection factors in Tarlac City and compares the perceptions of business and leisure travelers to generate practical implications for hotel management and local tourism development.

## Related Literature

## Hotel Service Quality and Customer Satisfaction

Service quality has long been recognized as a critical determinant of customer satisfaction and competitive advantage in the hospitality industry. Early conceptualizations viewed quality as an abstract construct closely tied to customer perceptions rather than objective standards. Within hotel settings, service quality is predominantly evaluated through guests' experiences during service encounters, emphasizing the intangible and relational nature of hospitality services. Studies have consistently shown that guests' evaluations of service quality are shaped by dimensions such as reliability, responsiveness, assurance, empathy, and tangibles, which together influence overall satisfaction and loyalty intentions. Empirical evidence in hospitality research demonstrates that superior service quality positively affects guest satisfaction, trust, and repeat patronage. Performance-based models of service quality measurement highlight that guests assess hotel services primarily based on actual experiences rather than expectations alone. Among the various service dimensions, empathy and staff-related attributes have emerged as particularly influential in predicting overall satisfaction, underscoring the importance of frontline employees in delivering service excellence. As competition intensifies in the hotel industry, delivering consistently high service quality has become a strategic imperative rather than a differentiating option.

## Hotel Selection Attributes and Traveler Segmentation

Hotel selection decisions are influenced by a combination of functional, emotional, and situational factors. Prior research has identified a wide range of hotel attributes that guests consider when choosing accommodation, including room quality, service efficiency, safety, location, value for money, and available facilities. Over time, scholars have consolidated these attributes into broader dimensions to better capture travelers' decision-making processes. A substantial body of literature emphasizes that business and leisure travelers differ significantly in their hotel selection criteria. Business travelers typically prioritize functional attributes such as business facilities, internet connectivity, accessibility, and service efficiency, often displaying lower price sensitivity. In contrast, leisure travelers tend to emphasize value, room comfort, recreational amenities, and overall experience, reflecting a stronger concern for cost-effectiveness and enjoyment. Despite these differences, several attributes— such as cleanliness, safety and security, and courteous staff—remain universally important across traveler segments, indicating common baseline expectations in hotel selection. Understanding these segment-specific preferences allows hotel managers to design targeted service offerings and marketing strategies that better align with the needs of distinct customer groups. Studies consistently suggest that failure to recognize such differences may lead to misallocation of resources and diminished customer satisfaction.

## Importance and Performance as Evaluation Constructs

The concepts of importance and performance have been widely employed in hospitality research to assess how well service attributes meet customer expectations. Importance reflects the perceived significance of an attribute in influencing customer choice, while performance represents guests' evaluations of how effectively the attribute is delivered. Research indicates that attributes perceived as highly important exert a stronger influence on satisfaction and behavioral intentions, particularly when performance falls short of expectations. In hotel contexts, importance and performance evaluations provide valuable insights into customer priorities and perceived service gaps. Scholars have noted that customers often associate importance with satisfaction, as attributes deemed important are more likely to shape overall impressions of service quality. Performance, on the other hand, is inherently subjective and rooted in guests' personal experiences, making it a crucial indicator of service effectiveness..

## Importance–Performance Analysis in Hospitality Research

Importance–Performance Analysis (IPA), introduced by Martilla and James, has been widely adopted as a diagnostic tool for evaluating service attributes across various industries, particularly hospitality and tourism. IPA enables researchers and practitioners to visually map attributes based on their relative importance and performance, thereby facilitating prioritization of managerial actions. Numerous hospitality studies have

demonstrated the utility of IPA in identifying strengths, weaknesses, and potential resource misallocations in hotel operations. By categorizing attributes into four quadrants—ranging from high importance–high performance to low importance–low performance—IPA provides actionable guidance for service enhancement and strategic decision-making. In hotel research, IPA has been applied to assess service quality, facility management, customer satisfaction, and competitive positioning. Comparative IPA studies focusing on business and leisure travelers reveal that while attribute importance may vary between segments, high-performing hotels often succeed by maintaining strong performance in universally valued attributes such as room quality, service reliability, and safety. These findings reinforce IPA's relevance as an effective tool for aligning service delivery with customer expectations in diverse market segments.

Although extensive research has applied IPA in hospitality contexts, most studies have focused on major tourist destinations or international hotel markets. Limited empirical work has examined hotel selection factors using IPA in provincial or emerging destinations, particularly within the Philippine setting. Moreover, comparative analyses between business and leisure travelers at the local level remain underexplored. Addressing these gaps, the present study applies Importance–Performance Analysis to assess hotel selection factors in Tarlac City, providing localized empirical evidence and comparative insights into traveler segments. By synthesizing service quality, hotel attribute evaluation, and IPA-based assessment, this study contributes to the growing body of hospitality literature while offering practical implications for hotel managers operating in regional markets.

**Research Method**

This study employed descriptive research design. Data was collected from 350 hotel guests in Tarlac City using a structured questionnaire administered from November to December 2019. A convenience sampling technique was used due to accessibility constraints and coordination schedules with participating hotels.

The questionnaire consisted of two sections: demographic and travel profile, and perceived importance and performance of 33 hotel attributes rated on a five-point Likert scale. Reliability analysis yielded Cronbach's alpha values ranging from 0.73 to 0.87, indicating acceptable internal consistency. Mean scores were computed and plotted using the IPA grid following Martilla and James (1977). Participation was voluntary and informed consent was obtained. The first part of the questionnaire was designed to elicit demographic and travel information of the respondents. The second section was designed so that each hotel attribute was rated on a 5-point Likert scale, ranging from 1 (least important) to 5 (most important) in the Importance section and from 1 (Strongly Disagree) to 5 (Strongly Agree) in the Performance section. The researcher sought permission from the hotel manager, administrators, and guests to conduct observations in the hotels included in the research. The researcher distributed questionnaires to guests according to the schedules provided by each hotel. The researcher coordinated with a contact person in each hotel to facilitate retrieval, and questionnaires that were not returned on time were subject to follow-up measures.

## RESULTS AND DISCUSSION

The results are presented through descriptive statistics and Importance–Performance Analysis. Tables and figures are sequentially numbered and cited in the text. All six hotel selection factors were positioned in Quadrant II of the IPA grid, indicating high importance and high performance.

TABLE I Number of Guest-Respondents by Hotel

| Hotels | Number of Guests | Percentage |
|---|---|---|
| Central Park Hotel | 25 | 7.14% |
| Grand L Square Hotel | 33 | 9.42% |
| La Maja Rica Hotel | 25 | 7.14% |
| Microtel by Wdyham Inn and Suites | 28 | 8% |

| Nick Hotel | 28 | 8% |
|---|---|---|
| Asiaten Hotel | 15 | 4.29% |
| My North Star Hotel | 15 | 4.29% |
| Sogo Hotel | 20 | 5.71% |
| Sun Garden Hotel | 33 | 9.43% |
| Potential Guests | 128 | 36.57 % |
| TOTAL | 350 | |

Table 1 shows the number of guest-respondents per DOT accredited hotels: As Grand L Square holds 9. 42% of the responses were guests waiting in the lobby to be accommodated. Only 8% of Microtel and 8% of Nick Hotel participated in the study as most of their guests are staying for business motivation and do not have time to participate in the conduct of the study. the five (5) LGU accredited hotels, 9.43 % of Sun Garden Hotel guests participated as it is one of the accommodation facilities that is partnered with a swimming team and the study was conducted during the holidays. Sogo hotel guests of 5.71% participated in the study, these guests were staying at the lobby waiting to be accommodated and maximizing the business facilities the establishment has. 36.57% of the respondents are potential guests who are willing to stay and try the services and amenities of the hotels.

TABLE II Summary of Ratings Among Guests on Importance Dimensions

| | Business Travelers | Leisure Travelers | Mean Difference |
|---|---|---|---|
| Service Quality | 4.57 | 4.44 | 0.13 |
| Business Facilities | 4.51 | 4.05 | 0.46 |
| Value | 4.21 | 4.55 | -0.34 |
| Room and Front Desk | 4.54 | 4.56 | -0.02 |
| Food and Recreation | 4.17 | 4.12 | 0.05 |
| Safety and Security | 4.82 | 4.52 | 0.3 |

Table 2 shows the significant difference on the importance dimension for the business travelers and the leisure travelers, specifically service quality with the mean difference of 0.13 that we can derive since business travelers tend to expect more from an establishment especially from the service quality since they pay more. Furthermore, it is also worth noting the significant difference each type of traveler expects from a hotel's business facilities with a mean difference of 0 .46, since they will be utilizing more of the facilities like computer terminals, internet connectivity, land line services, and the likes, than of a leisure traveler.

Based on the importance selection factors, business facilities have higher importance for business travelers, since these types of travelers need hotel services to be made available for them. There should also be stable internet connection through their Wi-Fi facilities; the hotel location is convenient and accessible; and hotel amenities are comfortable. These all made up the main reasons why business travelers chose to stay in a particular hotel. When these requirements are fulfilled satisfactorily, business travelers were highly satisfied as well. The business travelers' satisfaction is acknowledged as the most important component to the success of hoteliers around the globe. The study suggested that physical hotel facilities, bedroom attributes, hotel facilities, staff attributes,

restaurant attributes, hotel location, and price factors are responsible for generating business travelers' satisfaction in the Panamanian context. (Halimin Herjanto et.al, 2017)

TABLE III Summary of Ratings Among Guests on Performance Dimensions

|  | **Business Travelers** | **Leisure Travelers** | **Mean Difference** |
|---|---|---|---|
| Service Quality | 4.51 | 4.42 | 0.09 |
| Business Facilities | 4.40 | 3.90 | 0.5 |
| Value | 4.21 | 4.46 | -0.25 |
| Room and Front Desk | 4.45 | 4.49 | -0.04 |
| Food and Recreation | 4.06 | 4.10 | -0.04 |
| Safety and Security | 4.59 | 4.43 | 0.16 |

Table 3 states the difference in performance dimension identified by the two type of travelers, it is well noting that business facilities are less expected and less utilized by the leisure travelers compared to the business travelers – that justifies the 0.5 difference of the result, also worth mentioning is the difference in performance or experience in safety and security by a 0.16 mean difference is from the idea that business travelers are able to secure their safety in the premise of the hotel, while leisure travelers are expected to be , most of the time, expected to be outside of the hotel enjoying the different activities the travel destination offers.

The performance of the accommodation facilities in relation to the hotel attributes plays an important role in gaining customer trust and loyalty. Based on the analysis, leisure travelers are satisfied with the performance of value amongst the hotels they've been too. Leisure travelers see to it the worthiness of their money being spend on the hotel as they are budget or cost sensitive.

As leisure travelers the amenities given to them such as the room and its amenities and the operation of the front desk affects their satisfaction in a way that it is worth also the money their spending. As leisure travelers are cost sensitive, they are looking for budget-friendly recreational facilities and food that is accessible to them, and it is much affordable than outside of the accommodation facility.

TABLE IV Analysis of Importance and Performance of Hotel Selection Factors

|  | **Importance** | **Performance** |
|---|---|---|
| Service Quality | 4.49 | 4.45 |
| Business Facilities | 4.23 | 4.10 |
| Value | 4.41 | 4.36 |
| Room & Front desk | 4.55 | 4.47 |
| Food &Recreation | 4.14 | 4.08 |
| Safety &Security | 4.64 | 4.49 |

Table 4 shows the analysis in the overall mean of both business and leisure travelers regarding the six hotel selection factors in terms of importance and performance.
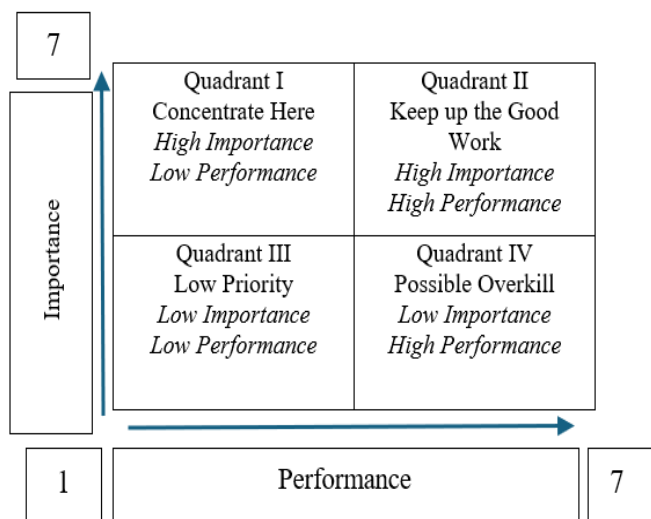
Figure 1. Importance-Performance Analysis Grid

Fig 1. The IPA's interpretation is graphically depicted on a grid divided into four quadrants. The Y-axis shows how significant characteristics are to customers, whereas the X-axis shows how well the operation of hotel performs in relation to these criteria. The four unique quadrants are Concentrate Here, Keep Up the Good Work, Low Priority, and Possible Overkill.

Quadrant I- Concentrate Here: Characteristics in this quadrant are very important to the guests but the actual performance is low. This means that there should be improvement efforts by the management.

Quadrant II- Keep up the Good Work: The factors presented here are of high importance to the guests and at the same time the organization seems to have a high level of performance on these presentations. It is suggested to Keep up the Good Work.

Quadrant III- Low Priority: Attributes on this quadrant have low importance for the guests and at the same time little performance. The performance level may be low; the management should not be concerned about this quadrant as the attributes in the area are not important. This low priority area should receive limited resources.

Quadrant IV- Possible Overkill: This quadrant reveals that attributes are low in importance but relatively high in performance. Guests are satisfied by the performance; however, managers should consider the present efforts on this cell being over utilized.
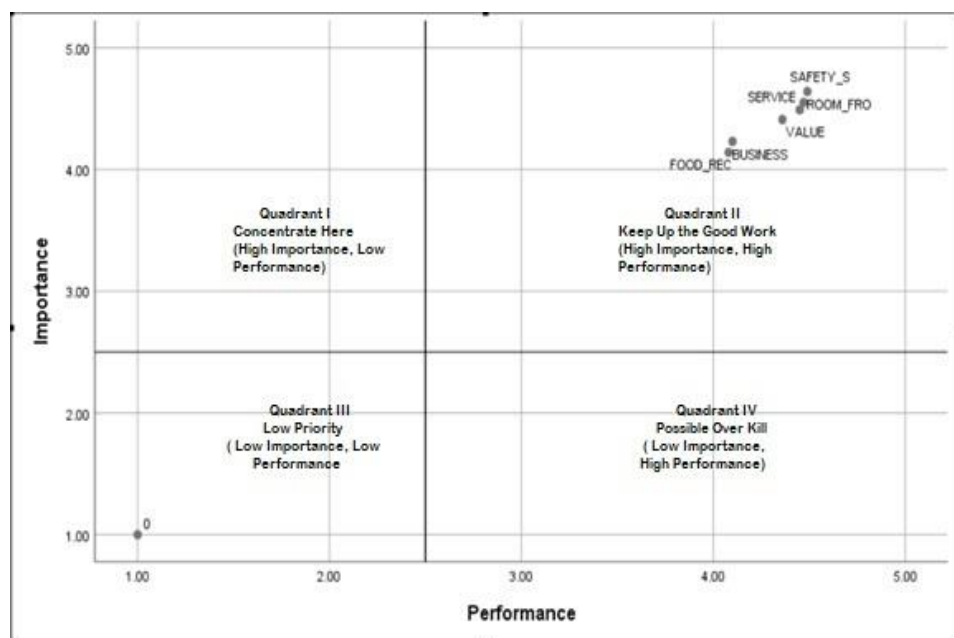
Figure 2. Importance- Performance Grid of Hotel Selection Factors in Tarlac City

Figure 2 presents the Importance–Performance Analysis (IPA) grid illustrating the relative positioning of the six hotel selection factors based on guests perceived importance and experienced performance. The IPA framework provides a strategic diagnostic view of how effectively hotels in Tarlac City allocate resources in relation to guest expectations.

The results indicate that all six hotel selection factors—service quality, business facilities, value, room and front desk, food and recreation, and safety and security—are positioned in Quadrant II ("Keep Up the Good Work"). This quadrant represents attributes that are rated as highly important by guests and are simultaneously perceived to be well performed by the hotels. Such positioning suggests a strong alignment between customer expectations and service delivery, reflecting effective operational and managerial practices among the participating accommodation facilities.

Among the attributes, room and front desk services and safety and security exhibit the highest importance and performance scores, underscoring their critical role in shaping overall guest satisfaction. This finding highlights that efficient front desk operations, cleanliness, comfort, and perceived safety remain foundational expectations for both business and leisure travelers. The consistent high performance in these areas suggests that hotels in Tarlac City have successfully prioritized core service elements that directly influence first impressions and trust.

Service quality and business facilities, while also situated in Quadrant II, demonstrate slightly lower performance relative to their importance, particularly for business travelers. This indicates that although hotels are meeting expectations in these dimensions, incremental improvements—such as enhanced staff responsiveness, upgraded business amenities, and more reliable digital infrastructure—could further strengthen satisfaction among business-oriented guests without requiring major resource reallocation.

The attribute-value reflects the balance between price and perceived benefits, a dimension particularly salient for leisure travelers. Its placement in Quadrant II suggests that guests generally perceive hotel offerings as providing reasonable value for money. This outcome implies that current pricing strategies and service bundles are effectively aligned with guest expectations, especially among cost-sensitive travelers.

Similarly, food and recreation, despite having the lowest mean scores among the six attributes, remain within the high importance–high performance quadrant. This indicates that while these amenities may not be the primary drivers of hotel choice, they nonetheless meet acceptable performance standards and contribute positively to the overall guest experience, particularly for leisure travelers.

Notably, the absence of attributes in Quadrant I ("Concentrate Here") suggests that there are no critical service gaps requiring immediate corrective action. Likewise, the lack of attributes in Quadrant IV ("Possible Overkill") implies that hotels are not overinvesting in areas that guests perceive as relatively unimportant. This balanced distribution reflects efficient resource utilization and a clear understanding of customer priorities.

Overall, the IPA results demonstrate that hotels in Tarlac City are performing well across all key selection factors. The strategic implication for hotel managers is to maintain current performance levels while pursuing continuous, incremental enhancements, particularly in service quality and business facilities, to sustain competitiveness and adapt to evolving guest expectations.

## CONCLUSION

This study examined the importance and performance of key hotel selection factors among business and leisure travelers in Tarlac City using the Importance–Performance Analysis (IPA) framework. The findings demonstrate a strong alignment between guest expectations and hotel service delivery, as all six hotel selection factors—service quality, business facilities, value, room and front desk, food and recreation, and safety and security—were positioned in Quadrant II ("Keep Up the Good Work") of the IPA grid.

The prominence of room and front desk services and safety and security underscores their fundamental role in shaping guest satisfaction across traveler segments. Efficient front desk operations, comfortable and hygienic

rooms, and a strong sense of safety remain non-negotiable expectations for both business and leisure travelers. The consistently high performance of these attributes suggests that hotels in Tarlac City have effectively prioritized core service elements that directly influence guests' overall evaluations and trust.

While service quality and business facilities also exhibited high importance and performance, their relatively narrower performance margins indicate opportunities for incremental enhancement, particularly for business travelers who place greater emphasis on efficiency, connectivity, and professional amenities. Improvements in these areas may further strengthen competitive positioning without necessitating substantial resource reallocation. Similarly, the favorable positioning of value reflects guests' positive perceptions of the balance between cost and benefits, especially among leisure travelers who are more price sensitive.

The absence of attributes in Quadrant I ("Concentrate Here") suggests that there are no critical deficiencies requiring immediate corrective action, while the lack of attributes in Quadrant IV ("Possible Overkill") indicates efficient resource utilization. Collectively, these findings imply that hotels in Tarlac City are managing their service offerings strategically, aligning investments with guest priorities.

Overall, the study contributes localized empirical evidence to hospitality literature by demonstrating the applicability of IPA in a provincial Philippine context and by highlighting nuanced differences between business and leisure travelers. For hotel managers, the results emphasize the importance of sustaining current performance levels while pursuing continuous improvement initiatives to adapt to evolving guest expectations. Future research may expand the scope by incorporating longitudinal designs, post-pandemic service evaluations, or comparative analyses across other regional destinations to further enrich understanding of hotel performance dynamics.

## ACKNOWLEDGEMENT

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