EXAMINING TECHNOLOGY READINESS AND CUSTOMER SATISFACTION
TOWARD SELF-SERVICES TECHNOLOGIES IN LUXURY HOTELS IN
MELAKA

CHUA SEOK KIEN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

APPROVAL

I/ We acknowledge that have read this report and on my/ our view this report is
sufficient in term of scope and quality for purpose for the certificate of Bachelor of
Technopreneurship with Honours (BTEC)

Signature   :   …………………………………

Name of Supervisor :   …………………………………

Date   :   …………………………………

Signature   :   …………………………………

Name of Panel   :   …………………………………

Date   :   …………………………………

Examining Technology Readiness and Customer Satisfaction toward Self-Services Technologies in Luxury Hotels In Melaka

CHUA SEOK KIEN

This report submitted in fulfilment of requirement for the degree of Bachelor of Technopreneurship with Honours (BTEC)

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DECLARATION OF ORIGINAL WORK

I, Chua Seok Kien, (I/C Number: 950726-03-5288)

"I am hereby to declare that the work of this exercise is mine except for the quotations and summaries that have been duly acknowledge."

Signature   :   …………………………

Name of Panel   :   …………………………

Date   :   …………………………

DEDICATION

This research paper is dedicated to my loving parents, who always inspired me. You gave me unconditional love and support in finishing my studies. As my parents, I am honoured to have them. My special thanks go to all my family, especially my siblings and my aunt, who always helped and encouraged me when I was faced with problems. Finally, I am so thankful to all my friends for having all of you. I may not have the opportunity to enjoy my university life without your guidance, sharing and encouragement.

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ABSTRACT

Businesses in various industries including hospitality are starting to augment traditional face-to-face service strategies with technology-enabled service interactions. Today, technologies-based self-service is trending and began to replace traditional human-touch service. Advanced self-service technologies can bring many benefits for hoteliers and guests. Most hospitality companies had implemented self-service technologies to reduce operating costs, increase customer satisfaction and loyalty and achieve new segments of customers. Increasing numbers of consumers' interaction with technology to create service experiences and results without direct interact with service employees. However, not everyone feels comfortable adopting new technologies. Some people may not be willing to welcome advanced technology. The readiness of technology is one of the factors which can directly influence the use of technology by the consumer. Hence, the level of customer readiness for technology is very important for the success of the implementation of SSTs. The purpose of this study was to study the relationship between technology readiness and customer satisfaction in luxury hotels in Melaka. The survey methodology was used in this study to respond to the questionnaire was 400 respondents. In summary, this study highlighted consumer readiness for technology. Data analyses results for the survey questionnaire indicated that the three out of four hypotheses were statistically supported, which were optimism, innovativeness and discomfort had influence on customer satisfaction toward self-service technologies with luxury hotels in Melaka. However, it showed no statistically support on the influence of insecurity in customer satisfaction. In overall, this paper will benefit luxury hoteliers by making strategically decision and judgment in providing their customers with technology-based service.

Keyword: Luxury Hotel; Technology Readiness; Customer Satisfaction

ABSTRAK

Perniagaan dalam pelbagai industri termasuk hospitaliti mula memperkenalkan interaksi perkhidmatan berteknologi terkini. Teknologi layan diri adalah tren dan mula menggantikan perkhidmatan tradisional. Teknologi layan diri yang canggih membawa banyak manfaat untuk para pengusaha hotel dan tetamu hotel. Kebanyakan syarikat hospitaliti telah melaksanakan teknologi layan diri untuk mengurangkan kos operasi, meningkatkan kepuasan pelanggan dan kesetiaan serta mencapai segmen baru pelanggan. Peningkatan bilangan pengguna menggunakan teknologi terkini untuk mencipta pengalaman dan hasil perkhidmatan tanpa berinteraksi langsung dengan para pekerja perkhidmatan. Walau bagaimanapun, bukan setiap pelanggan akan berasa selesa semasa menggunakan teknologi baru. Sesetengah pelanggan mungkin tidak akan mengalu-alukan teknologi canggih. Kesediaan teknologi adalah salah satu faktor yang mempengaruhi penggunaan teknologi oleh pengguna secara langsung. Oleh itu, tahap kesediaan pelanggan untuk teknologi sangat penting bagi kejayaan pelaksanaan teknologi layan diri. Tujuan kajian ini adalah untuk mengkaji hubungan antara kesediaan teknologi dan kepuasan pelanggan hotel mewah di Melaka. Sebanyak 400 responden telah terlibat dalam kajian ini untuk menjawab soal selidik. Ringkasnya, kajian ini menyerlahkan kesediaan pengguna untuk teknologi. Hasil analisis data menunjukkan bahawa tiga daripada empat hipotesis disokong secara statistik, iaitu optimis, inovatif dan ketidakselesaan telah mempengaruhi kepuasan pelanggan terhadap teknologi layan diri dengan hotel mewah di Melaka. Walau bagaimanapun, ia menunjukkan bahawa tiada sokongan secara statistik terhadap pengaruh ketidakamanan dalam kepuasan pelanggan. Keseluruhannya, kertas kerja ini akan memberi manfaat kepada pengusaha hotel mewah dengan merancangkan strategik dalam menyediakan perkhidmatan berasaskan teknologi untuk pelanggan mereka.

Kata Kunci: Hotel Mewah; Kesediaan Teknologi; Kepuasan Pelanggan

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LIST OF ABBREVIATION

AOR	Average Occupancy Rates
ATM	Automated Teller Machine
CR	Customer Readiness
DIS	Discomfort
DTMF	Dual-Tone Multi-Frequency
DV	Dependent Variable
INS	Insecurity
INV	Innovativeness
IVR	Interactive Voice Response
OPM	Optimism
SPSS	Social Sciences Statistical Package
SSTs	Self-Service Technologies
TR	Technology Readiness
TRI	Technology Readiness Index
UTeM	Universiti Teknikal Malaysia Melaka

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CHAPTER 1

INTRODUCTION

1.1   Introduction

Today, we live in a modern age of advanced technology with a wide variety technologies in different industries, for instance health care, banking, restaurant, transportation, retail and so on (Ostrowski, 2010). In Malaysia, self-service technologies have started to thrive in different industries through the implementation of new technologies that provide customers with speed, convenience, consistency and control. Tourism and hospitality industries are no exception. Many luxury hotels in Malaysia, including Melaka, have started to implement self-service technologies in their hotels with the purposes of reducing various financial and operational factors, such as operating costs and human error. For instance, self-service technologies include kiosks, keyless entries, online reservation and reservations, and mobile applications.

Self-service technologies (SSTs) contribute numerous advantages for both hotels and guests. In fact, self-service technologies enhance hotelier's speed and quality of their service. Alternatively, self- service technology helps hoteliers reduce labour costs. Self-service technologies enable customers to reduce time during check-in and check-out, as automated technology accelerates routine and repetitive tasks. Customers can have better service experiences they can engage more directly in hotel service processes with these systems.

The success or failure of these self-service technologies depends strongly on the willingness of the consumer to use technology. Customer readiness described as their emotional willingness to use a technology or not meanwhile customers' technology readiness relates to the customers' awareness and their willingness to adopt new technologies. Technology readiness (TR) is a multifactor construction, including variables which encourage or discourage the acceptance of the use of technology. Previous studies have argued that high-tech consumers will be more satisfied because they are ready to engage in the use of new technologies to meet their goal and tasks and vice versa.

In perspective of the increased popularity of SSTs, this paper had the purposes of investigating the relationship between customers' willingness to use technology and their satisfaction on SSTs in luxury hotels Melaka. It utilized customers' experience with SSTs in luxury hotels to analyse a framework for satisfaction of SSTs. Other than that, this study designed and examined the moderating role of customers' technology readiness and considered the position of technology readiness in the framework of satisfaction for luxury hotel guests in Melaka. This study explored the components used to evaluate consumer technology readiness and discover the answer to the influence of each component of technology readiness on satisfaction of customers in Melaka luxury hotels. It will therefore be answered based on the experiences of tourists who had visited Melaka and had accommodated with Melaka luxury hotels.

1.2   Background of the Research

In Malaysia and many regions of the globe, technology assisted operations have become increasing common especially in developed countries for instance United Kingdom, United States, Japan and Korea. Meuter *et al.* (2000) stated that technology has been a key method to assist services companies like hospitality business to perform their tasks efficiently and effectively for profitable activities. Companies in different industries, including hospitality, begin to substitute traditional face-to-face service approaches with technological service encounters

(Wang, So and Sparks, 2016). Now, technology-based self-service is a trend that has begun to replace traditional human touch services (Chen, 2011).

In the majority of hospitality businesses, self-service techniques have been used with a vision for reducing operating expenses and growing customer happiness and loyalty. Liu and Piccoli (2010) mentioned that SSTs are an important variable in the business processes of the hotel industry. Advanced SSTs can provide a variety of advantages for hotelier and hotel guests. Hoteliers are targeted at improving service performance and customer satisfaction by implementing, adopting and using self-service technologies. In the old times, many hotel guests were disappointed and unsatisfied about the services offered by hotels for to a variety of reasons. For instances, unqualified and inexperienced staffs makes mistakes, absence of service when customers need it, a long wait for services, and many more. Now, however, hoteliers can tackle these obstacles by implementing and providing SSTs to deliver the greatest service experience (Watkins, 2009).

Today, SSTs changed the lifestyle of the people; they also changed the operation in different organizations. There are a numbers of SSTs on the street and people can easily meet these technologies. For examples are online banking services, airport kiosks, ATM and the online reservation system for various activities. As a result, self-services are gaining thrust as consumers are now widely accepted and ready for using this new technology resulting from changes in consumer attitudes and modern technology (Carlin, 2005). There are generally four channels in self-service technologies: electronic kiosks, the Internet, mobile applications and telephones (Castro, Atkinson and Ezell, 2010). Based on Kasavana (2008)'s statement, she concluded vending machines, web applications and kiosk were the three most trending self-services technologies.

Although there are an increasing numbers of consumers start to learn how to utilize technology to acquire service experiences without service staff participation. But not everyone feels comfortable and refusing to adopt new technologies. Customer readiness (CR), explained by Parasuraman (2000) and Lin and Hsieh (2006), is a psychological determination by customer to decide whether self-service technologies (SSTs) should be used and whether it should continue to be used. As

mentioned earlier, some people might not ready to welcome and use the technologies. A lots of studies focused on acceptance of technology indicated that the variations in individual's background which include demographics, personality traits and generalized belief will affect the acceptance level in different individual (Parasuraman, 2000; Im *et al.*, 2003; Meuter *et al.*, 2005). As an example, some individuals may encounter insecurity feeling on technology and directly reflect negatively on their willingness to use technology, while at the same time creating some negative feelings such as anger and frustration, anxiety, discomfort, alienation and chaos, cause unhappiness and dissatisfaction and lead to various physical symptoms like avoidance as well (Johnson, Bardhi and Dunn, 2008). Thus, further research is necessary to comprehend the factors which decide one's acceptance or refusal of new technology (Roumeliotis and Maria, 2014).

Previous studies had shown that customer readiness of technology (TR) was one of the crucial aspects which can affect directly the use a technology by consumer and lead to the successful implementation of SSTs. It is crucial to learn the customers' readiness to use technology-based systems such as SSTs so that their behaviour and perception are better predicted (Parasuraman, 2000). Therefore, luxury hoteliers must learn the causes of customers' intentions to endorse SSTs in order to embrace a tremendous success in investing SSTs in their hotels (Wang, Harris and Patterson, 2007).

1.3   Problem Statement

Service is always a crucial point in the hospitality market (Carlin, 2005). Providing an outstanding service quality is a must for all hotel businesses, especially for luxury hotels. An outstanding service quality provided would help to ensure a considerable growth in market share and substantial return. Today, technology inventions and innovations have revolutionized the way of service deliver and conceive (Massey, Khatri and Montoya-Weiss, 2007). Presently, self-service is one of the platforms for customers' service and delivery, it seems to be an option for the hotel industry to interact with their guests and hence improve their quality service.

By introducing developed SSTs including kiosks and hotel website applications, guests can quickly and efficiently check in and out or make room or dining reservation all on their own.

In Melaka, self-service technologies in hotel industry have started to blossom in times ago. People experienced a massive growth and development in SSTs in their daily activities and in different industries, from automated teller machines (ATMs) in banking industry to e-commerce in the retail industry. Today, luxury hoteliers aim to produce high satisfaction and experience for their guests in addition to reducing labour costs. Self-service technology will be a good option for them to help their hotel to attain operation efficiency and enhance guest experiences. The hotel industry in Melaka will assuredly would like this power of SSTs to bolster Melaka's economic growth and customer satisfaction. However, self-service still sees as a rather new wave in Malaysia's luxury hotel industry, especially in Melaka, since such technologies have only begins in previous decades. Luxury hoteliers still do not know even if their hotel guests are likely to pay relatively high prices in luxury hotels that use advanced SSTs (Kucukusta, Heung and Hui, 2014).

Moreover, even though there were many advantages that new technologies could bring to customers, their acceptability of these technologies is unpredictable. The adoption and acceptance of new techniques differs among people, which was technology readiness (TR). A customer's readiness for technology will affect how he uses the technologies and how satisfied he is with the hotel through his technologies' experience. Customers with technological willingness variations can encounter varying standards of hotel satisfaction. Therefore, luxury hoteliers must spend more time understanding their customers' technology readiness and the SSTs available when they consider implementing SSTs to their products or service lines (Neo, 2010) since SSTs will eliminate traditional service encounters which is face-to-face contact directly from which is the advantage of luxury hotels (Kucukusta, Heung and Hui, 2014). This study examined the readiness of customers on technology and their satisfaction with SSTs in luxury hotels in Melaka, Malaysia.

This paper examined SSTs consumers' studies regarding the Technology Readiness Index (TRI). TRI studied in four dimensions: optimism, insecurity,