

## Effects of Locational Characters on Hotel Operations in Developing Countries: A Case Study of Kumasi

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Received date: 06 July, 2022, Manuscript No. JBHM-22-68753;

Editor assigned date: 08 July, 2022, PreQC No. JBHM-22-68753 (PQ);

Reviewed date: 22 July, 2022, QC No. JHBM-22-68753;

Revised date: 05 September, 2022, Manuscript No. JBHM-22-68753 (R);

Published date: 12 September, 2022, DOI: 10.4172/2324-9129.8.4.125

### Abstract

Studies have focused on how the hotel industry can flourish in certain locations, neglecting the main facilitators that make it possible. This study has taken a critical look at how locational characteristics influence the operation and performance of a hotel. Using exploratory design, a purposive sampling technique was used to select 30 hotels in both residential and slummy areas of Kumasi, to comparatively inquire about their operations based on their distinctive locational features. Employing a mixed method approach, the study aimed to draw a hypercritical conclusion to rationalize how the physical, economic and sociocultural aspects of an area exert positive and negative control on the hotel business. The results of the study have produced novel evidence that physical ambience, settlement, natural environs, visibility and accessibility, sanitation, as well as safety and security, are among the factors influencing the operation of hotels in developing countries, determining service delivery, patronage level and customer satisfaction. The study recommends that local authorities in Kumasi and similar areas should do their best to produce policies that will provide an enabling environment such as a constant supply of good road networks, proper sanitation and security systems for local businesses to thrive.

**Keywords:** Hotel establishment; Hotel operation; Location selection; Locational characters; Ghana

### Introduction

This study focuses on providing empirical evidence through hypercritical interviews and other tools to understand the effects of locational characteristics on hotel performance and success. Centring on this agenda was augmented by the fact that the hotel business has risen to become one of the world's biggest employers, employing over 200 million people, contributing 2% to the Gross Domestic Product (GDP) of a relatively small economy and over 10% to bigger ones.

Many studies, including Issahaku and Amuquandoh, echo that the industry has been regarded as a major contributor to developing economies.

Location has been identified as a crucial component in the success of this. In comparison to businesses in the manufacturing industry, hotels rely substantially on a successful location strategy to prosper [1]. The significance of location cannot be undermined, as a hotel's location influences not just its patronage but also its performance [2,3]. Newell and Seabrook examined the development and investment decision making procedure and discovered location as one of the few critical elements where priority is given [4]. Other relevant studies: Chou, et al. and Urtasun and Gutiérrez have also explored factors of hotel location due to its impact on business operations [5,6]. According to Chou, et al., these elements include, but are not limited to, the location's geographical and traffic conditions due to their influence on sales.

Hotel location selection research has gotten a lot of interest shown in models, including mono centric models and agglomeration models. Others, including Yu, et al., have also concentrated on the environmental features of a location and their impacts on the economic benefits of a business. Despite the increasing studies, there is little research that looks at the effects of location on hotel operations. To fill this gap in the literature, the study has focused on the effects of locational elements on the operations and growth of the hotel industry in the Kumasi Metropolis of Ghana. It aimed to explore the effects of physical, economic and sociocultural characteristics of a location on a hotel's performance and success. The study after critical research found that this research is the first of its kind with regards to studies that purely focus on how locational characteristics affect hotel operations.

### Literature Review

#### Factors influencing location selection

It is not surprising that the studies including Yang, et al., insisted that the location of a hotel is mainly about its physical surroundings. Despite other things, location has been widely accepted something critical to service performance due to the high cost involved in such business, especially in the case of maintenance. In this lens, it is concluded that location of a hotel is one of the most crucial factors to consider when establishing such facility. This is from the fact that it has a significant impact on visitors happiness and their out of home experiences. Due to the importance of the availability of customers with high purchasing power, the hotel industry is interested in locations that are close to their potential markets, as corroborated by Yang, et al. A study by Bégin observed that as the urban layout of Xiamen changed, so did hotel location preferences due to the demand for guests. The author further explained that during the 1980's, most hotels were situated in the old town of the region, but due to locational influence, new metropolitan areas, "special economic zones," have grown more appealing to hoteliers.

Importantly, because services can be consumed and enjoyed in a specific region and at a given time, researchers believe that location affects hotel profitability acknowledge that the suburbs of cities and tourist attractions are economic elements that drive demand for hotels and are thus significant when selecting a location [7]. This is especially true because of the high costs of site purchase and hotel

building. On the same rail, studies like Lado-Sestayo, et al., are of the view that a hotel's competitiveness is determined by its location. This is because that is what visitors look for during their search, decision making and accommodation selection processes.

According to Cooper, et al., the locational consequences of hotel placement are far reaching and long lasting, affecting a wide range of organizational and administrative decisions. People inquire about locational elements including local economic conditions, type of building, vehicle parking facilities, public amenities, transport comfortability, geological variables and environmental assets when selecting a location for a hotel establishment.

Contrary, despite the researchers assumptions of factors that affect location selection, Adam and Akyeampong argue that there is no specific procedure in decision making on location selection because different enterprises approach it in different ways. An example of this was given by Yang et al., who found that road accessibility was important for hotel location choice in the early periods for some companies but not now. Adam adds that a hotel that is personally owned, for example, may look at location decision-making differently than a hotel that is collectively owned. This means that, depending on the company's goals, the nature of the company as well as its ownership may influence how its decision on location is made.

### The impact of location selection

With a critical debate on the impact of location selection, a study by Valentin and O'Neill came out with strategic tools for assessing hotel location by comparing assets with varying geographic attributes. The study discovered that the location of a hotel has a considerable impact on its market value. Subsequently, the authors advise hotel evaluators and specialists to comprehend the upshots of location on market value since location is a key factor in customer purchase. From this, it is widely acknowledged that hotels frequently adjust their procedures to the resources available in their surroundings in order to improve competitiveness and performance [8]. This is because external resources and the accessibility of a hotel's location are among the major location related elements that boost a hotel's profitability and the prediction of its future success [9]. Considering this, the desire to benefit from spatial agglomeration effects has recently been discovered as an economically significant element in hotel location selection.

Quintessentially, Yu, et al., also posit that environmentally friendly elements have been found to improve a company's efficiency. As a result, it would be best if hotel businesses understood their settings in order to offer a sustainable service. This means that destinations with appealing environments may serve as a competitive edge, especially for hotels with special knowledge of them [10,11].

Another impact sophisticatedly assessed by Ellison and Glaeser explains that geographically focused businesses, such as hotels, enjoy natural advantages [12]. This is due to the fact that successful hotel investments begin with a full assessment not only of the current worth of the site but also its future value due to immovability realities. It implies that decision-makers must choose sites that will not only perform well under the existing system but will also be lucrative for its lifespan [13].

A common denominator hardly pronounces in the current literature discovered is the quality of neighbourhood's impact. As stated in Valentine and O'Neill's location analysis spectrum, hotel market value rises as the quality of the neighbourhood rises. Before, Hua and Yang

investigated the structural implications of crime on hotel revenues (RevPAR) and discovered that crime has a huge negative impact on hotel revenue and functioning [14]. This implies that a neighbourhood with a societal crisis like crime upheaves negative external perceptions of hotels in the area. Hence, scaring customers away from visiting.

### The nature of the hotel industry of Ghana

With a brief discussion to understand the Ghana's hospitality sector, it is not mutually exclusive compared to that of the western world. The sector according to Ghana tourism authority is made up of many branches that focus on providing services such as lodging, entertainment, events and food services to people who are away from home, just like the hospitality industries in developed countries. Most of these hotels specialize in hoteling, resorts, inns, motels, guest houses and others. As part of the categorization, every lodge qualifies to operate as a hotel when the available rooms for customers are nine or above. The major distinction among the hotels in Ghana is the quality of the services they deliver. Researchers have noted the hotels in Ghana as relevant economic tools that support community growth. As noted, it has been helping in the creation of job opportunities in support of the country's economy [15]. In other words, they are contributing to the creation of employment in the area. The Ghana Tourism Authority specifically put that they are among the businesses in the country that provide opportunities for all people with all levels of education to secure jobs and have a livelihood, unlike other purely technical jobs that need special skills.

In view of this, the economic vibrance of hotels in the country's economy cannot be overstated. Mensah supports that its benefits to national economies are associated with employment, revenue generation, improvement of social services, development of infrastructure and community enhancement. According to the Ghana Statistics Services (GSS) as shown in Figure 1, the hotel industry contributes substantially to the economy of the country. Its 2013 to 2019 GDP report provides a clear image of the substantial increase in the GDP of the country from the hotel industry. From the Figure 1, there has been a consistent increase in the industry's contributions until the coming of the COVID-19 pandemic. On this note, the hotel business in Ghana is accepted as among the businesses that serve as developmental catalysts in the country.

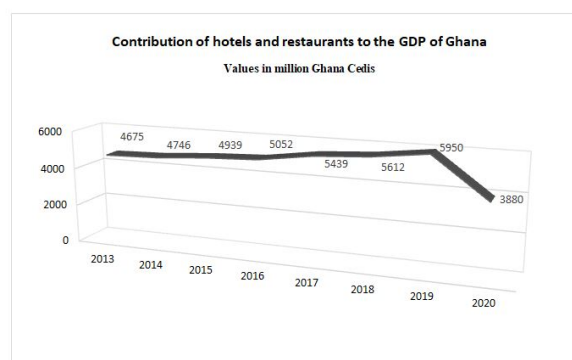


Figure 1: Hotel contributions to Ghana's GDP.

### Theoretical background

Maté-Sánchez-Val and Teruel-Gutierrez proposed a theoretical model revealing that the location of a hotel has an impact on its

performance. According to the model, locational features, geographic proximities and external facilities often determine the performance of a hotel. The model concludes that the sustainable practices of the accommodation industry mostly rely on locational factors. The more sustainable a location is, the more sustainable the businesses within it are. Lukas and Ferrell add that positive imitation is triggered when a large number of businesses congregate in one location, causing them to embrace the business concepts and strategies of their competitors for their success [16]. According to the behavioural location theory, the location of a business is a long-term investment decision. Similarly, the Neo classical economic theory discovers some significance in location selection and thus advises potential businesses to choose locations that can reduce operational costs while increasing profit margins. This notion is supported by studies including Murphy and Chen.

From the author's point of view, location is a predeterminant of customers buying processes. Customers pass through certain stages before a conclusion is reached. They weigh the benefits of visiting a particular place during their decision making, where location is among the few core factors that come into play. These comprehensive assertions provide an understanding that having a hotel business in a certain location may have a positive or negative impact on its service delivery, its position in the marketplace, patronage level and customer satisfaction. On this note, the study understands that the characteristics of a location play an instrumental role in the growth of the hotel business.

## Methodology

The study was conducted in Kumasi, a city in the Ashanti region of Ghana. The study area was chosen because it has geographical locations that are distinct in terms of their surroundings, economic systems, community structure and socio cultural identity. For this reason, residential and a slummy area covering almost half of the city were chosen. Moreover, these areas host a myriad of hotels that will provide the needed information for the study. The study's employment of exploratory research design helped to determine how physical, economic and sociocultural locational features affect these hotels. The study also employed a mixed research approach. Combining qualitative and quantitative research methods supported the study to obtain a denser knowledge of the subject matter. Subsequently, the study got access to a detailed overview of how the hotels experience locational influence on the activities. The study used special 30 hotels concentrated in slum and residential areas in the Kumasi metropolis that reflect the study objective. In particular, from the budget and star-rated hotels those are recognized by the Ghana tourism authority.

In the data collection approach, a purposive sampling technique was used to select managers, supervisors and CEOs from these hotels. Specifically, it concentrated on hotels that were privately owned, where the optimum decision making is made by these people with no or few governmental influences. Respondents were questioned through questionnaires and semi structured interviews. To ensure that the right information was obtained, the questionnaire was structured into three themes. Thus, the physical, economic and sociocultural elements that are influencing the operations and development of these hotels in terms of their locations. Subsequently, the responses from the questionnaires from the 30 staff of these hotels were prechecked to assure completeness and consistency due to the complexity of the themes developed. The study chose only 30 hotels because they were

within the scope, which will provide relevant responses rather than going for more sample size that may not be pertinent to the study.

Additionally, the semi-structured interview was used to collect data from supervisors, managers and CEOs of the 30 hotels to understand how the location of their facility affects their services and patronage levels. The interview was conducted in person with these practitioners. First, they were first given prior notice through email and phone calls. It is worth saying that as a result of this, a strong synergy was created, which facilitated the speed and the detailed information needed to satisfy the objectives of the study.

## Data analysis

For data analysis, the quantitative data was analyzed with the SPSS analysis tool version 20. It was used to develop frequencies and percentages from the quantitative data. The software was fed with the quantitative data (from 30 employees) from the 30 companies. Subsequently, frequencies and percentages were made to quantify responses after analysis was run by the software. The software was also used to analyses the likert scale responses that represented each of the themes to understand participants' agreement and disagreement about their location's influence on them. Respondents' answers to open ended questions were grouped into common themes and were used to identify the reasons behind respondent's agreements and disagreements. Subsequently, the study was able to obtain enough details on how physical, economic and socio-cultural features of a location influence hotel business.

For the qualitative data, the report from the interview was transcribed and thematically analyzed through open content analysis with NVivo 12 and was used to support the study. The vivo analytical software was used in the following procedures: First, recorded interview data was compared to the report made during the interview. Coding was performed; thus, data was exported into the vivo 12 software and the automation transcription options were activated. Codes assigned to complete transcripts help to catalogue significant themes. Transcribed data was compared to the manually transcribed interview to verify the validity and accuracy of the data. After generating themes, they were compared to see if they reflected the entire response set. Following this, they were also verified with the objectives of the study. They were then defined to develop meanings after a perfect match. Subsequently, the themes were analyzed where direct quotations were used to support the study. According to Mugenda, cleaning, coding and appropriately analyzing qualitative data support the production of a meaningful report.

## Results

### Socio demographic characteristics of respondents

Most of the respondents used in the study were males, constituting 56.7%. This indicates that the majority of the workforce in the hotel industry in Kumasi is males. Possibly, the industry employs more males than females. Also, most of the participants were between the ages of 20–29 years old, constituting 53.3%. Others also fell under the age of 30–39, representing 26.7%. The result indicates that the majority of the staff are within the working age. Conclusively, this workforce is preferred in the hotels in the region because of their ability to provide active service (Table 1).

Variable	Category	Frequency (30)	Percentage (100%)
Gender	Male	17	56.70%
	Female	13	43.30%
Age	20-29	16	53.30%
	30-39	8	26.70%
	40-49	3	10.00%
	50 and above	3	10.00%
Level of education	Basic education	2	6.70%
	Secondary education	16	53.30%
	Tertiary education	10	33.30%
	Others	2	6.70%
Position in the facility	CEO	2	6.70%
	General manager	5	16.70%
	Supervisor	14	46.70%
	General staff	9	30.00%
Length of service to the facility	Less than 6 months	1	3.30%
	6 months to 1 year	4	13.30%
	1 year to 3 years	15	50.00%
	3 years to 6 years	6	20.00%
	Above 6 years	4	13.40%

**Table 1:** Demographic characteristics of participants.

The data showed that the majority of the respondents have completed tertiary and secondary studies, implying that the industry employs more people with higher and professional degrees to occupy management and supervisory positions. Given this, it was necessary to obtain information on the number of years they had served with their respective firms to gauge their level of understanding of how "location" influences their business. According to the results, most of them have been in the area between 1 and 6 years, meaning that they have a fair idea of what will help to achieve the objectives of the study.

### The impacts of locational characteristics based on themes

To help achieve the aim of the study, location conditions affecting the operations and performance of all the 30 hotels were grouped

under the theme of physical, economic and socio cultural characteristics.

### The effects of a location's physical characteristics

On the basis of the physical characteristics of the locations, the likert scale was used to assess the level at which the areas settlement, street demarcation, physical position, sanitation, landscape, natural ambience, proper accessibility, electricity supply, water supply and other environmental conditions affect the operations of the hotels. From the data, 60% of the respondents strongly agreed that the physical conditions of their area affect their operations (Table 2). Out of the total 30 hotels used, only a few disagreed for other reasons. For the reasons given, the physical condition of the hotels greatly affects their strategic planning, decision making, interaction with consumers and long term progress.

Level of agreement	Frequency	Percentage
Strongly agree	18	60%
Agree	13	23%
Disagree	9	23%
Total	30	100%

**Table 2:** The effects of physical locational characteristics on hotels in Kumasi.



The study further looked at the ways in which these hotels are affected. Among them, 43% experienced a positive effect based on the physical characteristics of the place, particularly from good road networks, which enhance customer’s accessibility to their facility (Table 3). Additionally, the aesthetic environment around them also adds to their ambience, which attracts more visitors. For others, the adequate supply of portable water aids them in the smooth running of

their business despite the water supply crisis experienced by other hotels in the same metropolis. Others explained that the proper demarcation of their areas makes the hotel visible to both existing and potential customers. This implies that there is a potential increase in demand for a hotel facility when located in proper and easily accessible locations. It is worth noting that most of the respondents who shared these successful locational stories are situated in residential areas.

Physical effects of a location on hotel performance	Percentage
Positive	43%
Neutral	17%
Negative	40%
Total	100%

**Table 3:** How physical locational features positively or negatively affect hotels in Kumasi.

On the other hand, others also raised concerns about how their facilities have been affected by the challenges of low power shedding and poor visibility due to their location. They explained that the improper demarcation and dismantled settlement of their area, which have created congestion of houses, are causing visibility problems. Implying that visitors find it difficult to locate such places as a result of being engulfed by many homes.

They added that due to poor internet connections, customers also find it difficult to locate them on electronic maps. As a result, most of their profits are spent on advertisements. Poor sanitation in some places was also noted as a major cause of the decrease in demand as customers were often discouraged from repeat visits. Sadly, most of these visited places, especially within the slummy areas, had poor sanitation as a result of denser population, resulting in visitors failing to revisit after they have been exposed to this pollution.

According to a respondent from a slummy area, People are discouraged from visiting our location because of the poor road network. Because of poor roads, people do not even drive this path to notice this hotel.

### The effects of a location's economic characteristics

To understand the economic characteristics of the locations of these hotels, data showed that economic amenities such as tourist attractions, banks, shopping centres, business centres and markets have an influence on hotel activities. From the results, most of these economic realities impact hotel operations, as corroborated by 80% of them (Table 4). For instance, some long-stay customers visit hotels because they are close to shopping centres. This brings to mind that every location’s economic system has a great impact on business establishments around them, especially in the hospitality sector, which serves as a second home for visitors.

Level of agreement	Percentage
Agree	80%
Neutral	3%
Disagree	17%
Total	100%

**Table 4:** Economic make up of a location on hotel performance.

The study dove deep to explore some specific effects of these economic conditions on the room rates of the hotels. The results showed that some facilities price their services in accordance with the economic situations of the area, which either positively or negatively affects them. It was found that prime customers of some hotels live nearby. As a result, their charges are often determined by the economic circumstances of the area. Others are also forced to change their room rates based on the competition in the area. On the other hand, others do not rely on these economic situations because of the kinds of services they offer. This means that, despite all these reasons,

most hotels do not rate their rooms based on the apparent economic circumstances of their region but on the kind of services and products their customers opt for.

### The effects of a location's socio-cultural characteristics

The result showed that the socio cultural conditions of the hotels’ location affect their operations and performance. Specifically, some respondents acknowledged how the status of their area enhanced the image of their facility. They explained that their area rarely witnesses crime, resulting in the increase in their security threshold, which makes customers secure whenever they visit (Table 5).

Level of agreement	Frequency	Percentage
Agree	26	90.10%
Neutral	3	6.60%
Disagree	1	3.30%
Total	30	100%

**Table 5:** Socio-cultural characteristics of location on hotels in Kumasi.

On the other hand, the privacy of other hotel customers is invaded as a result of the high crime rate in the area. Customers sometimes face or witness crime incidents, which discourages them from visiting some of the hotels located in slummy areas. Aside from this, noise from old cars and sanitation issues are some of the challenges affecting the image of some hotels. From most of the hotels in the slummy areas, noise pollution emanates from the closeness of their facilities to the roadside, mosques, churches and playing grounds. Because it is impossible for these hotels to relocate, some lose their loyal customers who cannot tolerate some of the loud noises (Figure 2).



**Figure 2:** A typical slummy area of Kumasi.

### Patronage levels of the hotels

Patronage level is a major concern among hotel facilities across Ghana and Kumasi in particular. It is widely known that customer satisfaction is one of the key driving forces for repeat visits. In the interview with the respondents, they were asked if their locations had an influence on their patronage level. These are some of the responses from those in the slummy areas,

- People complain a lot about the sanitation and the mini kiosks around here. As a result, this is deterring people from visiting the facility.
- Mechanical and fitting shops around the facility make the hotel almost invisible to potential customers.
- The pub and restaurant near this hotel serve our customers with drinks and delicious meat. This attracts more people to the hotel.
- Customers are not able to revisit us because when they come, some complain about the distance of reaching here.
- The poor sanitation environment we found deter our customers sometimes even though we have very clean premises.

Respondents from hotels situated in residential areas also said,

- Our location influences our patronage level because some of the bigger hotels around us give us surplus customers when they are fully booked.
- The location is prestigious and therefore attracts businessmen and people of high social class to our facility.
- The area has a lot of high-status restaurants, which brings more customers to our area and to our hotel. This increases the patronage level of our hotel.

Other factors respondents identified as positively influencing patronage levels are the good sanitation, visibility of their facilities, good road networks and other economic activities that are prevalent in their areas.

### Ghana's accommodation system's characteristics

With reference to the 10 year accommodation trend in Ghana, the study area is the second highest region in terms of hotel establishments in the entire country. There was an increase of 116.3% within the 10 year period (from 2004–2014) with an average annual growth of 8.6%, indicating that many hotels have been constructed in the region, especially in the capital city where the study took place. Also, there was a 2% increase in market share during the entire 10 year period (Table 6). Except from 2012, where there was a break in the consistent increase in the number of hotels, all the years since 2004 have seen a substantial increase.

Expenditure on accommodation (USD)	Sample	Place of stay				
		Hotel	Private home	Airbnb	Guest house	Other
Less than 100	81	44 (54%)	7 (9%)	18 (22%)	8 (10%)	4 (5%)
Between 100 and 199	50	34 (68%)	5 (10%)	7 (14%)	3 (6%)	1 (2%)

Between 200 and 299	23	16 (70%)	2 (9%)	1 (4%)	4 (17%)	0 (0%)
Between 300 and 399	11	5 (45%)	2 (18%)	4 (36%)	0 (0%)	0 (0%)
Between 400 and 499	8	6 (75%)	0 (0%)	2 (25%)	0 (0%)	0 (0%)
Grater than 500	18	12 (67%)	3(17%)	3 (17%)	0 (0%)	0 (0%)

**Table 6:** Tourists accommodation expenditure distribution and place of stay.

Recently, the Ghana tourism authority has acknowledged the fact that the accommodation sector has been supportive in hosting tourists visiting the country from abroad. In particular, it has contributed a lot to the development of the current 2019/2020 homecoming projects organized in the country. This project was organized into two levels, the "year of return" and "beyond the return" and on both levels the sector was able to accommodate the diaspora who visited the country. It is worth noting that among these lodging structures, the hotel industry of the country was the dominant receiver in terms of occupancy and expenditure. The fact that most of these tourists stayed

for weeks ensured a huge contribution to the hotel industry. The hotel could receive 64% of the tourists who stayed between 1 and 2 weeks (Table 7).

As shown from the data, tourists of about 67% visiting the country spent about \$500 per night, which is about 7 times the currency of the country in terms of exchange rate (Table 7). For these reasons, other places and the industry saw that as more tourists visit the country, the hotel industry increases its revenue, hence increasing the expansion of hotels in the country. Privately owned accommodations are now joining the hotel market in the country, especially in the Kumasi metropolis, increasing their competition.

Length of the stay (days)	Sample	Place of stay				
		Hotel	Private Home	Airbnb	Guest house	Other
1 to 7	29	25 (86%)	3 (10%)	1 (3%)	0 (0%)	0 (0%)
Between 8 and 14	257	165 (64%)	31 (12%)	34 (3%)	17 (7%)	10 (4%)
Between 15 and 21	74	10 (14%)	45 (61%)	5 (7%)	9 (12%)	5 (7%)
Between 22 and 28	13	2 (15%)	7 (54%)	2 (15%)	1 (8%)	1 (8%)
Between 29 and 35	5	0 (0%)	4 (80%)	1 (20%)	0 (0%)	0 (0%)
More than 35	6	0 (0%)	4 (67%)	2 (33%)	0 (0%)	0 (0%)

**Table 7:** Tourists' length of stay and place of stay.

Following the COVID-19, most hotels are now back to their normal operations and are now targeting domestic tourists and other customers. On this note, the locational characteristics of some hotels are very important now because they are among the few things that determine patronage.

be an important element in the service industry because it has a substantial impact on customers, especially their satisfaction. Ryu, et al., add that the comfort customers gain from this promotes word of mouth for such businesses, increasing their competitive edge and market leadership [19].

## Discussion

The study has discovered that the physical features of an area have the greatest influence on the hotel business, which confirms the proliferating assumptions that location is the main factor for hotel success. This study, with no skeptics, confirms that physical qualities of a place like proper demarcation or settlement aid in visibility, especially in the perspective of developing countries where home addresses and map search are not fully developed compared to those of the developed world. Supporting this argument, the study found that, the serenity and ambience, as well as the availability of amenities such as natural environments, good roads and parking spaces, landscapes and smoke free environments, enhance the operations of hotels in diverse ways, as confirmed in theories by Ali and Amin and Ruiz, et al. [17,18]. They confirmed how the physical environment can

Moreover, the study has shown that there is a significant relationship between location and patronage level. In other words, business location has a considerable influence on patronage level in the hotel industry. As confirmed by Sasser, et al., services are place sensitive. Therefore, it is always necessary for firms to be critical when it comes to hotel facility establishment because it determines the rate at which the facility is patronized despite other factors.

Furthermore, the study also recognized that the majority of hotels in residential areas receive a greater number of customers due to their locational characteristics, which include adequate power supply and proximity to business centres. In particular, in the residential areas of Kumasi, the dominant economic activities are middle level businesses, government services, banks, tour operation businesses and other hospitality related jobs, including restaurants and pubs. Due to the area's conduciveness, ability to support business and viable economic system, it is mostly preferred by people. Based on this, it is worth

mentioning that the more and more a place is associated with these qualities, the more and more surrounding businesses flourish.

From the results obtained, this study posits that sociocultural conditions of a place, such as the level of security, privacy, pollution, safety, health and tolerance threshold, determine customers' perception of a business. In other words, the image such a place obtains in the market is determined by how the facility is seen from afar and in people's minds, with a direct influence on market share. It is acknowledged by the United Nations World Tourism Organization that the hospitality industry is growing. Considering this, the result of the study confirms this growth and relates it to locational opportunities, especially due to the availability of target markets and customers' supporting facilities, including modern infrastructure like roads for easy accessibilities, high security systems, ambient natural environments and vibrant economic frameworks (Figure 3) [20].



**Figure 3:** A typical residential area of Kumasi.

## Conclusion

This study combined an exploratory research design, purposive sampling technique and mixed methods to investigate the effects of locational characteristics on the success of hotel businesses. Using appropriate 30 hotels in the Kumasi metropolis (in both residential and slummy areas), it has been discovered that factors including physical, economic and socio-cultural elements of a location are major determinants of local business success. Essentially, the results show that they have a considerable influence on a hotel business's operational performance, competitive edge, accessibility to business-supporting resources, as well as the growth and development of the entire business. Considering this, this research concludes that area characteristics have a vital amount of influence on business operations and hereby recommends to the hospitality industries to reconsider the conditions of their location by assessing its strengths and weaknesses, especially during the decision selection process, as suggested by Adam and Amuquandoh. Moreover, established businesses must also adopt promotional strategies that will expose them to the market, a strategy that will increase their visibility as well as their image. Above all, the local authorities of developing countries like Ghana should also provide adequate amenities, including electricity, water supply, good road networks, good sanitation and proper town planning policies. They should also strengthen the safety and security systems of their communities to make them suitable for business operations.

## Conflicts of Interest

The authors declare no conflict of interest.

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